2024

REPORT

UKRAINIAN PATH TO THE EUROPEAN UNION. POLISH EXPERIENCE

AGRICULTURAL SECTOR

UKRAINIAN PATH TO THE EUROPEAN UNION. POLISH EXPERIENCE

AGRICULTURAL SECTOR

The „Ukrainian Path to European Union. Polish Experience" project is jointly supported by a grant from the Open Society Foundation and the International Renaissance Foundation, Ukraine.

WEI

INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING

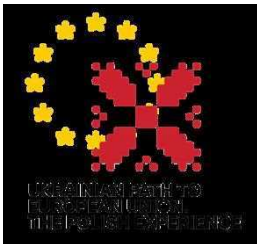


Table of contents

Introduction 4
Executive summary 5
1. Characteristics of the Polish agricultural sector 6
2. Characteristics of the agricultural sector in Ukraine 9
3. Legal foundations and organization of the agri-food sector in European law 14
4. Impact of European regulation and practice on the agri- food sector in Poland 16
5. Legal and organizational basis of the agricultural sector in Ukraine 18
6. Impact of European regulation and practice on the agricultural sector in Ukraine 20
7. Challenges in aligning Ukraine's agricultural sector with EU standards 22
8. Experiences of Polish agri-food companies related to EU accession and membership useful for Ukraine and Ukrainian entrepreneurs 24
9. Prospects for cooperation between Polish and Ukrainian companies in the agri-food sector on the European market 26
10. Strengthening ties between the agricultural sectors of Poland and Ukraine in the European market 28
11. Recommendations for Ukraine and Ukrainian companies related to EU accession ... 31

Introduction

A full-scale Russian invasion in February 2022 accelerated Ukraine's efforts to join the European Union. The Association Agreement, which came into force in 2014, except for the Deep and Comprehensive Free Trade Area (DCFTA) enacted in 2016, formed the basis of Ukraine's preparations to join the EU. In June 2022, Ukraine was granted candidate status. In December 2023, EU leaders decided to start accession negotiations. Given Ukraine's intention to join the European Union, we would like to consider the experience of Poland and Polish entrepreneurs in practically implementing this membership. European Union regulations for new members are both a challenge and an opportunity. We believe that Poland's experience will be of great value to Ukraine due to the two countries' historical, social, and cultural proximity. The potential of the Polish economy, the Polish experience from the economic transition, and the construction of modern communications, energy, and logistics infrastructure are undoubtedly additional assets, also in the context of support for the implementation of EU regulations in Ukraine. Another issue is assessing Ukraine's ongoing economic integration with the Polish and EU market and the expected post-accession effects for both countries. Opportunities and challenges for cooperation and competition will be discussed, preparing partners for much closer economic ties soon.

This report was prepared as part of the project "Ukrainian Path to European Union. Polish experience.", carried out jointly by the Warsaw Enterprise Institute (Poland) and the Institute for Economic Research and Policy Consulting (Ukraine).

A key element of the project is expert seminars and sectoral reports. We want to focus on sensitive sectors of the economy that, on the one hand, may pose significant challenges as potential areas of competition and disputes between Polish and Ukrainian entrepreneurs, and, on the other hand, discuss those areas that can become a place of cooperation and mutual complementarity between the economies:

- energy;
- food and agriculture;
- road transportation;
- pharmacy;
- construction and building materials;
- timber and furniture industry.

Each sectoral report consists of two parts. The first deals with the Polish perspective on a respective sector of the economy, the impact of European regulations on transforming the sector, and recommendations for the Ukrainian side. The second part deals with the current state of the sector in Ukraine, the challenges posed by European integration, and prospects for cooperation between companies from both countries.

We strongly believe that our reports and the project as a whole will be an important voice in the discourse on Ukrainian integration into the European Union, provide the right knowledge, and help overcome mutual conflicts and misunderstandings. We want to convince everyone that entrepreneurs of both countries can and should work together to build the economic strength of our countries based on economic freedom and liberty.

Executive summary

This joint report on agriculture and Polish--Ukrainian cooperation in this area explores the structural features, challenges and opportunities of the agricultural sectors in Poland and Ukraine, highlighting areas of convergence and divergence. The report also outlines recommendations for deepening cooperation between the two countries within the framework of European Union integration.

Poland's agricultural sector is characterized by smaller family farms with an average size of 11.4 hectares and significant fragmentation. In contrast, Ukraine has large farms with an average size of 514 hectares, making it one of the world's largest exporters of grain and sunflower oil. While agriculture accounts for 10.6% of Ukraine's GDP, its share of the Polish economy is only 1.6%, reflecting the much larger role of agriculture in Ukraine. Poland has benefited from EU membership since 2004, receiving significant support under the Common Agricultural Policy (CAP) and adapting to the EU regulatory framework. On the other hand, Ukraine faces challenges in aligning its agricultural policies with EU standards, particularly in sanitary and phytosanitary regulations, environmental practices and food safety.
Poland's agricultural exports are highly integrated with the EU, with 73% of its production going to EU markets. Ukraine has significantly changed the destination markets of its agricultural goods since the outbreak of armed conflict with Russia, already directing 56.8% of its exports to EU markets. This was primarily due to the blocking of traditional sea routes through the Black Sea.

Both countries realize the importance of improving trade infrastructure, particularly logistics. Poland is a key transit hub for Ukrainian agricultural exports to the EU. The development of transport, storage and border infrastructure is essential to optimize trade. Both countries are working to achieve the EU's sustainable development goals. Poland has been aligning its agricultural practices with EU's environmental goals, while Ukraine is, for now, in the early stages of implementing sustainable agricultural practices and reducing the use of chemicals.

Poland's experience in EU integration serves as a valuable knowledge resource for Ukraine, particularly in areas such as agricultural advisory services, institutional capacity building and compliance with EU agricultural standards. The reports underscore the importance of Poland's role in guiding Ukraine through the complex EU regulatory landscape. Both governments should prioritize investments in border infrastructure to improve the efficiency of agricultural trade between the two countries. Encouraging joint ventures in agri-food processing and sustainable technologies will allow both countries to capitalize on their strengths and increase competitiveness in the EU market.

Continued efforts are needed to harmonize Ukraine's agricultural sector with EU standards, particularly in food safety, environmental sustainability and animal welfare. Both countries need to cooperate in dealing with the challenges posed by geopolitical instability, particularly with regard to the war in Ukraine, which is affecting agricultural production and global supply chains.

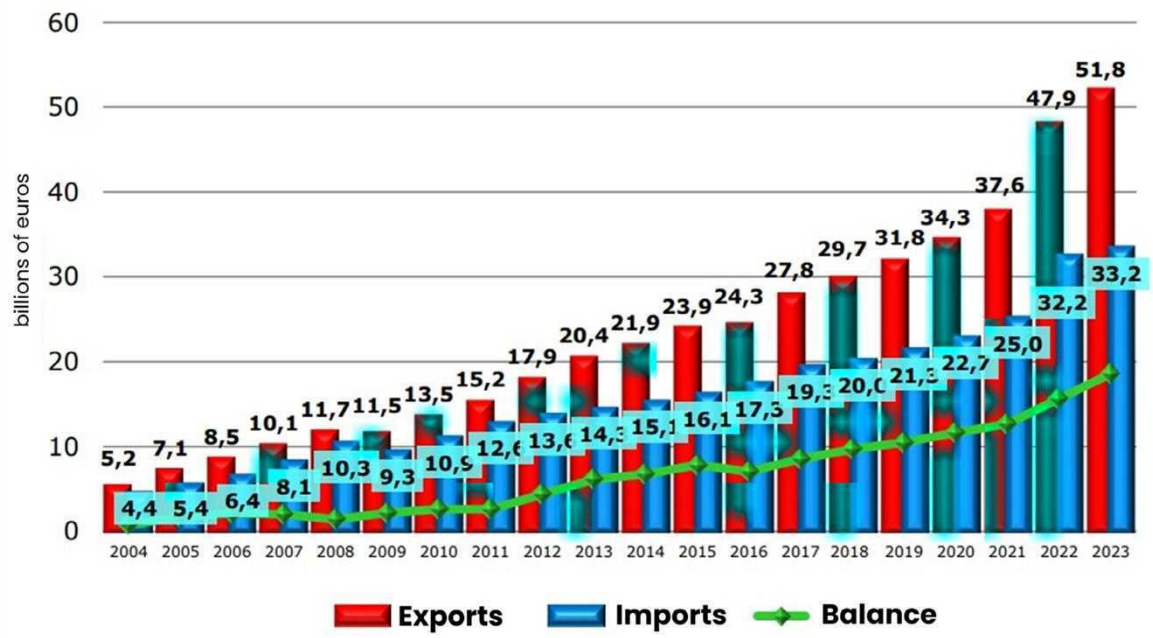
1. Characteristics of the Polish agricultural sector

Poland's agricultural has undergone a series of profound changes over the past - more than three - decades, the starting point of which can be seen in the systemic transformation. The gradual collapse of the system of State Agricultural Farms led to significant transformations in the ossified agricultural model of the communist era. The legacy of this period was also the technological lag in agriculture, relative to Western European economies in particular, the fragmentation of farms and the reluctance of farmers themselves to carry out agricultural activities in an organized form. This is hardly surprising, since the communist authorities effectively disgusted farmers with production activities in the form of agricultural cooperatives, under which Poland, back in the 1920s, laid the European foundations. Nevertheless, the period after the regime change was a time of learning to function in the new realities of a market economy.

The second milestone in the development of the domestic agricultural economy was 2004, the date of Poland's accession to the European Union. Domestic suppliers gained access to Community markets, which definitely revived the investment climate and allowed foreign trade indicators to develop. In 2004, Poland's agri-food exports amounted to EUR 5.2 billion[1]. In 2023 it was already EUR 51.8 billion with a positive export balance of as much as EUR 33.2 billion. Thus, the time of EU membership means a tenfold increase in the value of agri-food exports for Poland, which is reflected in relation to the overall national economic indicators. Indeed, the share of agri-food products in the value of Poland's total foreign exports is 14.7 percent. Since our entry into the European Union, Poland has improved its export performance year after year (with only one exception in 2009, when we recorded a year-on-year decline of 200 million zlotys).

[1] Data on foreign trade in agri-food products from Poland based on: *Export results of agri-food products from Poland in 2023*, National Agricultural Support Center, Warsaw 2023.

Chart 1. Polish foreign trade in agri-food products (billion EUR)

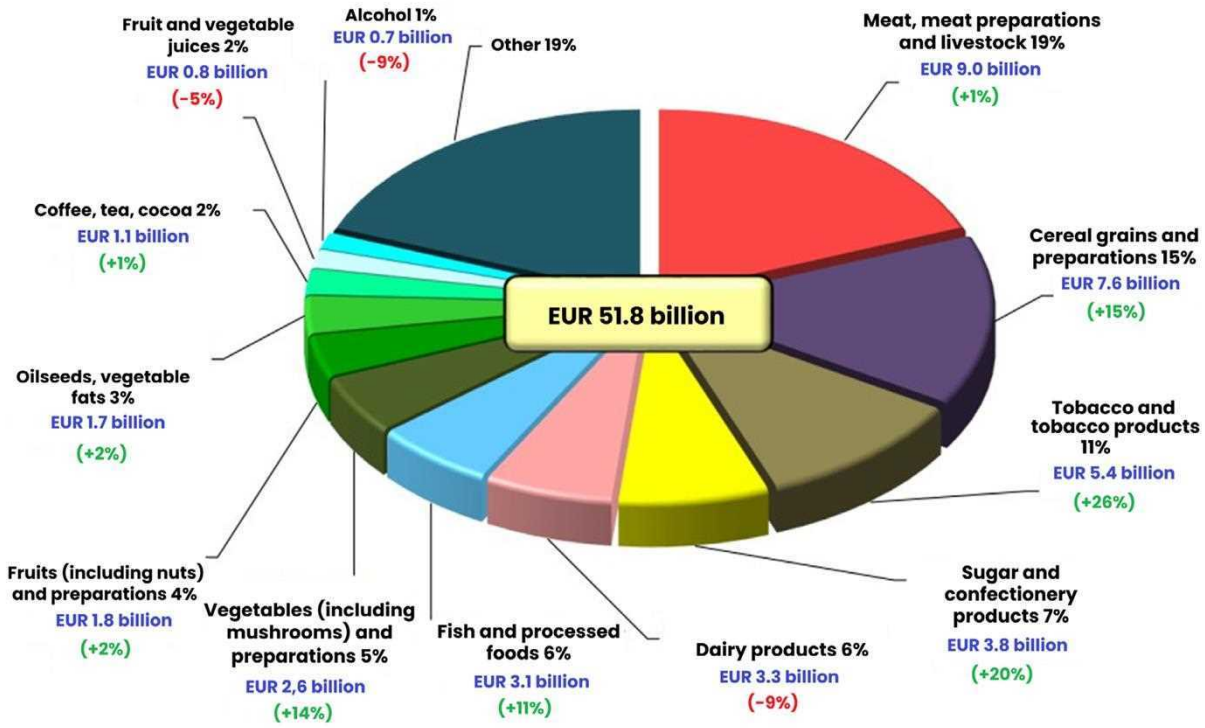


Source: NEB

Today, the Polish agricultural sector is one of the strongest in the European Union, being among the world leaders in the production and export of many agri-food products. EU market is the most important trading partner of Polish agri-suppliers. As much as 73 percent of the country's agri-food exports, the equivalent of €38 billion, go to the EU market. Here, the main importer of Polish products remains Germany, which manages 26 percent of Poland's total agricultural exports (EUR 13.3 billion). The value of trade with non-EU countries is also increasing every year, among which the most important recipient markets are the United Kingdom, the USA and Ukraine.

Poland, as - for most major product categories - a surplus country exports significant volumes of goods. The highest share of total agri-food shipments from Poland, according to the latest data, was recorded by meat, meat products and livestock (19 percent, EUR 9.9 billion), grain and its products (EUR 7.6 billion), tobacco and tobacco products (11 percent, EUR 5.4 billion), sugar and sugar products (7 percent, EUR 3.8 billion), dairy products (6 percent, EUR 3.3 billion), fish and processed products (6 percent, EUR 3.1 billion), vegetables (5 percent, EUR 2.6 billion), fruits (4 percent, EUR 1.8 billion), oilseeds, vegetable fats (3 percent, EUR 1.7 billion) and coffee, tea and cocoa (2 percent, EUR 1.1 billion). Fruit and vegetable juices and alcohol are also important for domestic agri-food exports. Other products together account for 19 percent of the value of shipments.

Chart 2. Commodity structure of Polish agri-food exports in 2023



Source: NEB

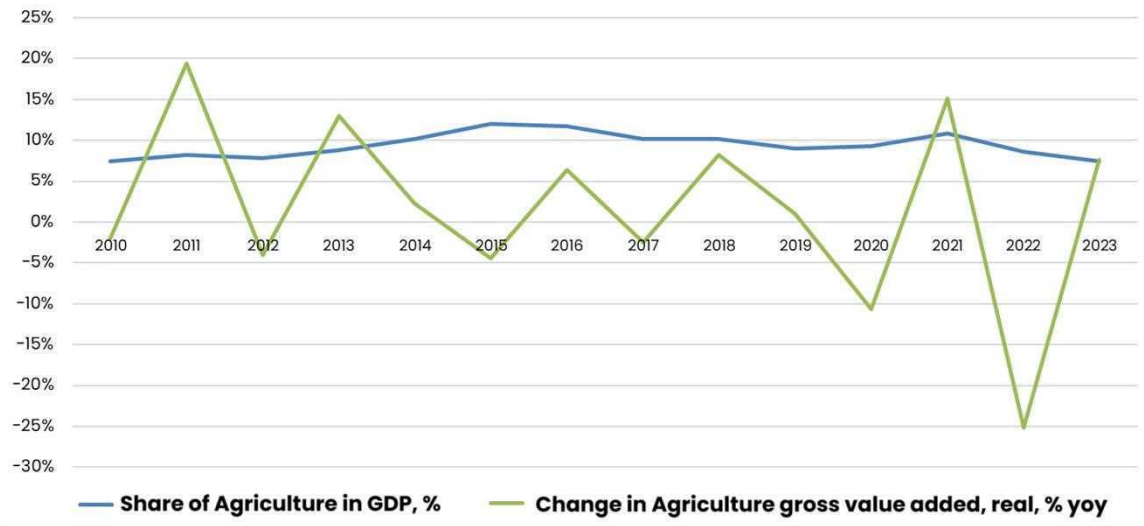
The basic problem of the Polish agricultural sector is the excessive fragmentation of farms, with farmers' reluctance to function in organized structures. The average area of agricultural land on a farm in 2023, based on data from the Agency for Restructuring and Modernization of Agriculture (ARiMR), was 11.42 hectares, compared to the EU average of 17.4 hectares. By comparison, however, it was just over 60 hectares in France and Germany, 74.6 hectares in Denmark, and over 120 hectares in the Czech Republic, according to Financial Observer. In Ukraine, the average size of farms is 132 hectares, but 80 percent of the largest farms have an area of more than 500 hectares. In North America (continental part) it is 117.8 hectares. Italy has a similar agricultural ownership structure to Poland, but there farmers have been able to fit into existing production chains. The size of Polish farms is also highly differentiated territorially. While the average size of agricultural land per farm - according to data from the Ministry of Agriculture and Rural Development - in 2023 in the West Pomeranian Voivodeship was 32.9 hectares, in the Warmian-Masurian Voivodeship 23.88 hectares, and in the Lubusz Voivodeship 23.18, it was only 6.05 hectares in the Świętokrzyskie Voivodeship, 5.14 hectares in the Podkarpackie Voivodeship, and 4.31 hectares in the Małopolskie Voivodeship.

2. Characteristics of the agricultural sector in Ukraine

Ukraine's agricultural sector is important for the economic development. The share of its exports is large, but mostly it's commodities sale, e.g. grain. However, this makes Ukraine important for the world food security. However, the sector will be challenged by the changes required within EU integration, which might somewhat restrict its competitiveness.

Ukraine is one of the largest world grain and sunflower oil producers and exporters in the world, making the country crucial for global food safety. Before the full-scale invasion of Russia in February 2022, more than half of Ukraine's land was arable. About 10% of Ukraine's GDP was produced in agriculture, which employed about 14% of the Ukrainian labor force.

Chart 3. Agriculture performance in Ukraine



Source: Ukrstat

Agriculture accounts for a larger share of GDP in Ukraine than in the EU. It is heavily based on crop production. But, contrary to the EU, where small family farms account for 90% of agriculture, in Ukraine, the core producers are medium-sized companies with 200-2000 ha of arable land. Moreover, large agro-holdings are important in the sector.

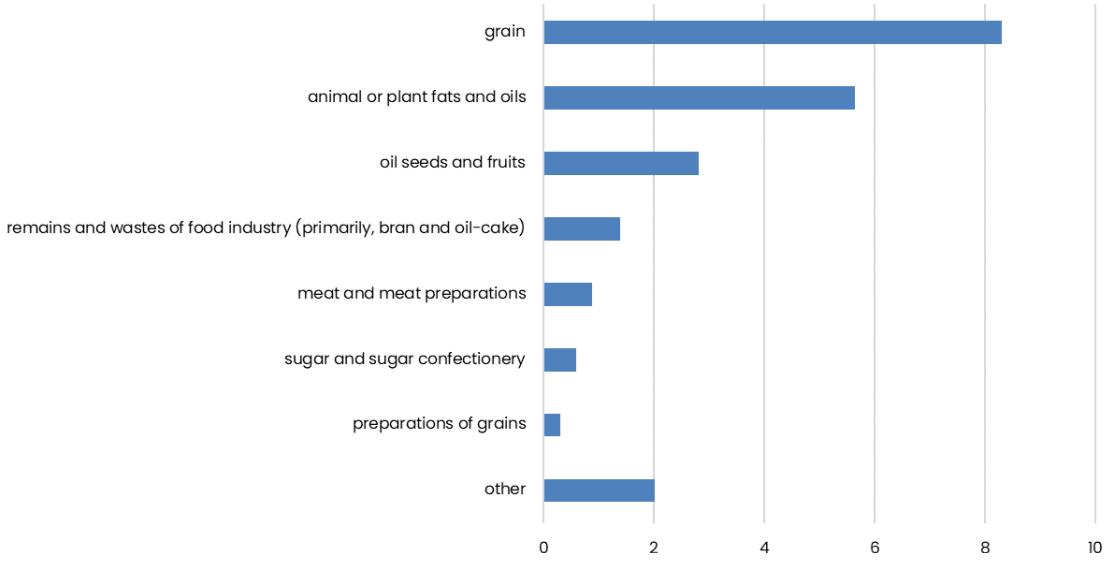
Table 1. Key indicators for the EU 27 and Ukraine in 2021

	EU	Ukraine		EU	Ukraine
Economic context			Agriculture in the economy		
GDP (USD bn, PPPs)	21,901	588	Agriculture in GDP (%)	1.6	10.6
Population (milion)	1532	13.0	Agriculture share in employment (%)	3.8	14.7
Land area (thousand km^2)	3,996	576	Agro-food exports (% od total exports)	8.9	40.6
Agricultural area (AA) (thousand ha)	163,962	41 311	Agro-food imports (% od total import)	5.9	9.5
Agricultural area (AA), % of total land	41	71	Charakteristics of the agricultural sector		
Population density (inhabitans/km^2)	106	75	Crop in total agricultural production (%)	61	82
GDP per capita (USD in PPPs)	48,900	14 220	Livestock in total agricultural production (%)	39	18
	15.5	33.9	Share of arable land in AA (%)	58	80
			Average farm size (ha)	37	514
			# of farms		40,333

Source: *EU integration of Ukraine – assessing the challenges for agri-food public authorities*, Oleh Nivievskyi, IEP and IER http://www.ier.com.ua/files/Projects/2024/UP/Nivievskyi_Research Paper.pdf

The livestock production in Ukraine has not shown significant growth for years. At the same time, the poultry sector and egg production developed much more, while the head number of cows and pigs was on a downward trend. Poultry and eggs also became the exporting goods for Ukraine. However, grain and oil exports account for a much higher share of agricultural exports.

Chart 4. Agricultural exports in 2023, USD bn



Source: Ukrstat

Ukrainian agricultural farms and large agribusiness are eligible for several state aid programs. Agricultural support in Ukraine is primarily provided through various subsidies and a favorable tax regime aimed at supporting farmers and enhancing the agricultural sector's competitiveness. The Government offers subsidies to farmers for purchasing agricultural machinery, seeds, and fertilizers, as well as for livestock farming. The Ukrainian Government also implements state-funded programs to support the agricultural sector, including targeted financial assistance to small and medium-sized farms as well as compensation of part of the interest rate on bank loans. The Government also created the Fund of Partial Guarantees for Agricultural Companies, established with the help of the World Bank and other international partners. Indeed, state programs are complemented by international aid, including funding to align Ukrainian agricultural practices with EU standards. However, the subsidy system remains a challenge, as it is often criticized for lacking transparency and delays in the disbursement of funds.

Since the full-scale invasion by Russia that started on February 24, 2022, Ukrainian exports to European countries surged to 56.8% of total exports in 2023 from 32% in 2021 (see Chart 4). In tons, the exports grew by about 49%. The share remained high in 2024 as well. The key reason for the change is restricted access to sea transportation on the Black Sea. Mykolayiv Sea Port is still not operational due to a blockade by Russia. At the same time, Odesa Sea Ports have limited capacities and, since September 2023, transport not only grain but also other goods, e.g. metals and iron ore. The development of agriculture and a further increase in agricultural exports require improved logistics. Still, the restricted logistics stimulated some growth in the food procession industry, which is also defined as one of the priorities by the Government. As a result, a vast majority of agricultural products was transported by railways and road transportation through the western country border to the EU.

Another reason for higher exports to the EU[2] is that in the first months after the start of Russia's full-scale invasion of Ukraine, the EU provided Ukraine with support in the form of temporary trade-liberalization measures[3]. All customs duties were suspended, including abolishing all quotas for agricultural products. While earlier, some Ukrainian agricultural products were imported duty-free only within the quota, after the relevant decision of the European Commission, all products could enter the EU market from Ukraine without paying duties.

[2] http://www.ier.com.ua/en/institute/news?pid=7518
[3] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2022.152.01.0103.01.ENG&toc=OJ%3AL%3A2022%3A152%3ATOC

Chart 5. Directions of Ukrainian agricultural exports

Source: Graphic prepared by UCAB jointly with the Ministry of Economy and the Ministry of Agrarian Policy and Food of Ukraine, https://ucab.ua/en/pres_sluzhba/novosti/prezentovano_7me_vidannya_agrarnogo_eksportnogo_portfolio_ukraini.

Due to the quota-free exports of agricultural products and the substantial limitation of sea export routes, Ukrainian companies have significantly increased their exports through alternative pathways, mainly to Poland and neighboring EU countries. In 2023, this surge in agricultural goods, primarily grain, led to protests from Polish farmers who claimed to suffer financial losses due to the additional supply of Ukrainian products to their local market. Consequently, the Polish Government imposed a ban on the import of Ukrainian grain into Poland. Similar protests occurred in Romania, Hungary, Bulgaria, and Slovakia, resulting in comparable government responses.

According to the European Commission, farmers from these five countries incurred losses totaling EUR 417 m due to the increased supply of Ukrainian grain. The EU provided subsidies to offset these losses partially. In response to the situation, on May 2, 2023, the European Commission implemented restrictions on the sale of Ukrainian wheat, corn, rapeseed, and sunflower in the countries mentioned above, though transit outside the EU was still permitted. These restrictions were set to last until September 15, 2023. Despite the conclusion of this period, Poland, Slovakia, and Hungary continued to block grain imports from Ukraine.

In May 2024, following intense discussions, the EU reached a compromise and extended trade benefits for Ukraine until June 5, 2025. This extension stipulated that tariff quotas, anti-dumping measures, and protective duties

would not be applied to Ukrainian goods. However, the European Commission retained the ability to reinstate quotas if Ukrainian imports disrupted the EU market. Specifically, for seven groups of agricultural products considered sensitive to EU farmers—eggs, poultry, sugar, oats, maize, cereals, and honey—duty-free imports should be automatically suspended once Ukrainian exports to the EU reach the average annual volume for the period from mid-2021 to 2023. Unfortunately, this period included 2022, a year when Ukrainian farmers experienced reduced productivity due to limited export logistics.

Immediately after the new EU trade concessions for Ukraine came into force on June 5, the European Commission reinstated the tariff quota for oats. This quota was minimal, set at just 4,000 tons, and exports had already exceeded 2,441 tons. As a result, the quota was exhausted, and full duties were reinstated for oats exports until the end of the year. A new quota will come into effect in January 2025, permitting duty-free imports of 5/12 of the annual quota.

Additionally, decisions were made regarding other agricultural products, such as sugar and eggs, where tariffs were reinstated after the quotas were exceeded. The European Commission also restored duties on cereals in July 2023 and honey in August. This quota-based system will remain in place for these products until May 2025. Overall, while the duty-free trade regime for most Ukrainian agricultural products will remain in place until May 2025, the situation remains fluid, with the potential for quotas and duties to be reintroduced depending on market disruptions in the EU.

According to the Ukrstat survey, other than logistics, the impediments to agriculture operations include low demand and financial constraints[4]. Moreover, since the second half of 2023, there has been an increase in the importance of such an impediment as 'lack of labour,' which is common now for all sectors of the economy. This is a result of the war.

[4] https://stat.gov.ua/uk/publications

3. Legal foundations and organization of the agri-food sector in European law

The agri-food sector is regulated in detail in EU legislation. The key elements of the system, guided by the perspective adopted by the regulator, are agricultural production itself, agricultural markets, food safety policy, security of access to food, and environmental protection. Each of these areas is reflected in the relevant EU law regulations.

For farmers and agricultural producers, the key strategic document of framework importance is the Common Agricultural Policy (CAP), the current perspective of which covers the years 2023-2027. The Common Agricultural Policy is one of the most expensive areas of the EU, consuming a significant part of the EU budget, which demonstrates its great importance for member states and the community as a whole. Its main tools are direct payments, market interventions and rural development in the broadest sense. In recent years, the most popular element of the CAP has become the "Farm to fork" strategy, which is part of the European Green Deal. The strategy is to shift to more sustainable food systems, reduce the use of pesticides, fertilizers and antibiotics, and promote a healthy diet. The key documents around which subsequent acts are built remain:

- Regulation of the European Parliament and of the Council (EU) No. 1307/2013 regulating income support for farmers through direct payments under the CAP;
- Regulation (EU) No. 3 of the European Parliament and of the Council on rural development, which includes provisions for rural development support for 2014-2020;
- Regulation (EU) No. 2021/2115 of the European Parliament and of the Council, the new Common Agricultural Policy for 2023-2027, introducing a more flexible approach to strategic planning by member states.

Agriculture also implements the objectives of EU trade policy aimed at signing trade agreements with third countries. The EU's tariff preferences - the GSP (Regulation (EU) No. 978/2012 of the European Parliament and of the Council) and the Regulation (EU) No. 1308/2013 of the European Parliament and of the Council establishing a common organization of the markets for agricultural products, covering trade, production and processing regulations, remain an important component of this system.

An important direction in the development of EU legislation with regard to the agri-food market is also the quality policy, which aims to implement the strategy of sustainable development of food products by promoting high standards of quality and sustainability in food production. In this context, regulations on the labeling of organic products, which are standardized by Regulation (EU) No. 848/2018 of the European Parliament and of the Council, as well as regulations on geographical indications (PDO, PGI) and traditional specialties guaranteed (TSG), as defined in Regulation (EU) No. 1151/2012 of the European Parliament and of the Council, are also important.

In the context of food safety procedures, the European Union aims to ensure the highest possible level of food safety and consumer protection. Here, the key remains Regulation (EC) No. 178/2002 establishing the general principles and requirements of food law, establishing the European Food Safety Authority (EFSA), as well as Regulation (EC)

No. 852/2004 on the hygiene of foodstuffs, which introduces regulations on the safety of food production at all stages of the food chain. Not insignificant, given the scale of the animal husbandry sector in the EU - including Poland - is also Regulation (EC) No. 183/2005 on feed hygiene, which regulates feed safety for farm animals.

The agricultural sector is also heavily regulated by EU environmental and climate legislation. First of all, it is necessary to point out here, still unclear as to their future, the regulations resulting from the European Green Deal. "From the Field to the fork" strategy and the Biodiversity Strategy include, among other things, demands to limit the possibility of using fertilizers and pesticides, to allocate a certain portion of the acreage to organic farming, or tasks related to the protection and restoration of ecosystems.

Also important in the context of pro-environmental policies remain the Water Framework Directive (Directive 2000/60/EC of the European Parliament and of the Council), Regulation (EU) No. 1306/2013 of the European Parliament and of the Council, of which environmental provisions and related rules for monitoring and financing of the Common Agricultural Policy are part, as well as Directive 2009/128/EC on the sustainable use of pesticides, setting targets for reducing their use.

EU legislation also regulates competition policy issues. The most important documents in this regard are Council Regulation (EC) No. 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the EC Treaty (now Articles 101 and 102 of the TFEU) and Directive (EU) 2019/633 of the European Parliament and of the Council on unfair business-to-business commercial practices in the supply chain for agricultural and food products, which aims to protect smaller market participants from unfair actions by larger players.

With regard to specific sectors of agricultural production, market participants are additionally bound by a number of specific EU regulations and national laws, implementing EU legislation to varying degrees. Farmers are also an important part of numerous support programs such as the Rural Development Program under the second pillar of the CAP and which stimulates infrastructure development, farm innovation and an increase in the quality of life in the countryside. Farmers can also benefit, for example, from the Horizon Europe program, which supports research and innovative solutions while taking into account the conditions of EU agriculture.

The above-mentioned legal assets, documents, strategies or programs form the core around which legal solutions of narrow and deeply expert scope are built.

4. Impact of European regulation and practice on the agri- food sector in Poland

The impact of EU regulations on the agricultural sector in Poland is multifaceted and has important implications for the formation of national agricultural policy, the production and size structure of farms, as well as for the rural economy as a whole. Since Poland's accession to the European Union in 2004, the domestic agricultural sector has been included in the Common Agricultural Policy (CAP), which largely determines the terms of production, trade and financial support for farmers.

Undoubtedly, one of the main determinants of the development of Polish agriculture in the last two decades has been direct payments to agricultural production, which are a fundamental source of income for Polish farmers. This system is crucial for maintaining the competitiveness of Polish agriculture in the single European market, although to a large extent - especially for the smallest farms - it makes the profitability of agricultural enterprises dependent. This phenomenon is particularly evident in the group of countries that joined the EU in 2004 and later. Based on ARMiR's data, a total of PLN 16.2 billion, including advance payments, went to farmers under direct and area payments for 2023. These subsidies contribute to stabilizing farm income, which is particularly important in the context of unstable prices in agricultural markets. At the same time, it should be remembered that the effectiveness of obtaining subsidies requires meeting a number of criteria, such as greening, which obliges farmers to carry out environmental activities, such as maintaining ecological areas, which promotes sustainable agricultural development.

Another important aspect of the impact of EU regulations is the need to comply with high standards of food quality and safety. EU law requires member states to implement advanced control systems to ensure the safety of agricultural products. Applying the regulations in practice entails significant costs, but these costs translate into ever higher quality of food produced in the European Union and more effective adaptation to the diverse requirements of markets in different parts of the world.

A challenge for Polish farms is undoubtedly posed by environmental protection and climate change mitigation requirements. The Green Deal, which involves reducing CO_2 emissions, promoting organic production and reducing the use of plant protection products and fertilizers, generates costs that reduce the price competitiveness of EU products. Meeting these goals requires farmers to invest in new technologies, change production methods and adapt to strict environmental standards, which can be difficult, especially for smaller farms. In addition, EU agriculture here is highly differentiated internally. Farm economies in the pre-2004 EU member states are characterized by higher adaptability - they are more highly technicized, make extensive use of precision farming tools, have a higher average percentage of organic farming (due to wealthier consumers on average).

On the other hand, EU regulations are boosting innovation and modernization in Poland's agricultural sector. EU programs, such as the Rural Development Program (RDP), offer financial support for modernizing farms, investing in environmentally friendly technologies and developing rural infrastructure. As a result, Polish farmers have the opportunity to improve production

efficiency, reduce operating costs and raise the quality standards of their products.

EU regulations shaping the agri-food sector have a broad impact on the agricultural sector in Poland. On the one hand, they offer remarkable financial support, helping to stabilize farmers' incomes and raise the quality of production. On the other hand, they pose new challenges for Polish agriculture, especially in terms of environmental protection and adjusting to growing market requirements. Although the implementation of EU regulations may be costly and require significant investment, in the long term it contributes to increasing the competitiveness of the Polish agricultural sector on the international arena. To the disadvantage of the Polish agricultural sector are the relatively low access to capital, the fragmentation of domestic agricultural production and the reluctance of farmers to function in organized structures - these elements reduce the ability to adapt quickly to changes in the European law.

5. Legal and organizational basis of the agricultural sector in Ukraine

The agricultural sector in Ukraine plays a vital role in the country's economy, contributing significantly to its GDP and employing a substantial portion of the population. As Ukraine moves toward deeper integration with the European Union, the legal and organizational frameworks governing agriculture must transform significantly to align with EU standards.

Ukraine's legal framework for agriculture is influenced by national legislation and international agreements, including its commitments under the EU-Ukraine Association Agreement. The primary legislation governing the agricultural sector includes land ownership, agricultural production, and food safety laws. Since its independence, Ukraine has undergone several waves of agrarian reforms, focusing on privatizing land and liberalizing the agricultural market. These reforms have gained momentum in recent years, but not mainly due to the country's efforts to enter the EU.

The current legal structure includes key pieces of legislation such as the Law on Land Market, which opened the path for the buying and selling agricultural land in 2021, and laws governing food safety and phytosanitary standards. These laws are crucial for ensuring that Ukraine's agricultural products meet the stringent requirements of the EU market. However, further alignment is needed, particularly in environmental regulations, animal welfare, and the application of modern agricultural practices as outlined by the EU's Common Agricultural Policy.

In particular, it should be stressed that most companies do not own the land but rather rent it from private individuals, even though land purchase is allowed. Under the new legal framework, Ukrainian citizens and legal entities can purchase agricultural land. However, due to the ongoing war restrictions remain for foreigners, who are prohibited from buying agricultural land until further decisions are made. This reform was introduced to improve land use efficiency, attract investments, and increase agricultural productivity. However, challenges remain in ensuring transparent transactions and preventing land consolidation by large corporate entities. Additionally, further regulatory oversight is required to protect small farmers and ensure equitable access to land resources.

One of the critical legal challenges facing Ukraine is the harmonization of its sanitary and phytosanitary (SPS) regulations with those of the EU. This process requires Ukraine to adopt EU standards on food safety, pesticide use, and veterinary controls. Progress has been made in this area, with Ukraine implementing the Hazard Analysis and Critical Control Point (HACCP) system across various food production sectors. However, ongoing efforts are required to fully align with EU regulations, which will facilitate smoother trade and reduce non-tariff barriers for Ukrainian agricultural products entering the European market.

In addition to food safety, another open area requiring legislative action is the environmental regulations, in which not much progress has been made in the area in recent years. However, there is already a clear understanding that Ukraine should align with the European Green Deal, which emphasizes sustainable agricultural practices, chemical inputs reduction, and biodiversity protection[5].

In the ownership structure of Ukraine's agricultural sector, we can distinguish both private and state-controlled enterprises. The Ministry of Agrarian Policy and Food is the primary governmental body responsible for formulating and implementing agricultural policy. It works in close coordination with various agencies, including the State Service of Ukraine on Food Safety and Consumer Protection, which oversees the enforcement of food safety standards, and the State Service of Ukraine for Geodesy, Cartography and Cadastre, which manages land resources. As part of its EU integration efforts, Ukraine has been modernizing its institutional framework to improve governance and efficiency in the agricultural sector. This includes the establishment of the State Agrarian Registry, which is designed to streamline the registration of farming enterprises and provide them with better access to state support programs. This initiative is part of Ukraine's broader effort to create a more transparent and efficient agricultural sector capable of competing in the EU market.

The role of cooperatives and farmers' associations is also crucial in the organizational landscape. These organizations provide support and resources to small and medium-sized agricultural producers, helping them comply with regulatory requirements and adopt best practices. However, there is still room for improvement in fostering cooperation and consolidating efforts within the sector to enhance productivity and competitiveness.

Ukraine's agricultural sector also faces challenges related to infrastructure development, particularly in rural areas. The lack of adequate transport, storage, and processing facilities hinders the efficient movement of goods within the country and to export markets. Addressing these infrastructure gaps is essential for ensuring that Ukraine's agricultural products can reach EU markets on time and cost-effectively.

[5] https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en.

6. Impact of European regulation and practice on the agricultural sector in Ukraine

The agricultural sector policy changes are a part of negotiation Cluster 5 "Resources, agriculture and cohesion", which contains five chapters:

- Chapter 11 - Agriculture and rural development
- Chapter 12 – Food safety, veterinary and phytosanitary policy
- Chapter 13 - Fisheries
- Chapter 22 – Regional policy & coordination of structural instruments
- Chapter 33 – Financial & budgetary provisions

These chapters define the ambitious plan for changes in Ukraine on the path towards EU membership. Within many years, the EU has profoundly influenced Ukraine's agricultural sector as the country continues its integration process. With agriculture playing a vital role in Ukraine's economy, the impact of EU regulations and practices has led to significant changes in the sector's legislative and practical aspects. The process of aligning with EU standards is a long-term effort, requiring substantial reforms in various areas, from food safety and environmental standards to trade practices and market operations.

A significant part of Ukraine's alignment with European agricultural practices involves the adoption of the EU acquis; this includes the Common Agricultural Policy (CAP), sanitary and phytosanitary measures, environmental regulations, and food safety standards.

Ukraine has already taken significant steps toward regulatory alignment, implementing various EU-mandated reforms. Establishing the State Agrarian Registry and adopting the HACCP system (Hazard Analysis and Critical Control Points) are examples of Ukraine's efforts to comply with EU food safety standards. These measures have allowed Ukrainian agricultural products to enter the European market more freely. However, the full implementation of these regulations remains a challenge due to financial constraints, institutional capacity, and the need for technological upgrades.

One of the major areas where European regulation impacts Ukraine is in the field of sanitary and phytosanitary standards (SPS). The EU has strict pesticide use, animal welfare, and food hygiene requirements. Ukraine's adoption of these regulations has been instrumental in increasing its export potential to EU countries. Still, it also presents significant challenges for local producers who must comply with these stringent standards.

In addition to food safety, European environmental policies are reshaping Ukraine's agricultural sector. The European Green Deal and the Farm to Fork Strategy aim to make Europe the first climate-neutral continent by 2050. As a candidate country, Ukraine is expected to align its agricultural policies with these goals. This involves reducing the use of harmful chemicals, enhancing biodiversity, and promoting sustainable farming practices. The adoption of organic farming methods is one area where Ukraine has made progress, but there is still a long way to go in fully implementing these practices across the sector.

The EU's emphasis on sustainability also requires Ukraine to invest significantly in

environmental protection. This includes improving waste management systems, reducing greenhouse gas emissions from agricultural production, and increasing the use of renewable energy sources in farming. Meeting these environmental standards will help Ukraine align with EU policies and ensure the long-term sustainability of its agricultural sector.

The integration of Ukraine's agricultural sector into the EU market is another critical area where European regulation plays a significant role. The Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and the EU has already facilitated greater access to European markets for Ukrainian agricultural products. The removal of tariffs and the increase in quotas for products such as wheat, corn, and poultry have boosted Ukraine's agricultural exports to the EU. However, this increased market access also comes with the challenge of competition from EU producers.

Ukrainian farmers now face competition with EU farmers who receive substantial subsidies under the CAP. While Ukraine is working to align its agricultural policies with the CAP, the disparity in financial support remains a major issue. This situation creates a competitive imbalance, particularly for small and medium-sized farms in Ukraine, which do not have the same level of access to financial resources as their European counterparts.

Despite these challenges, Ukraine's integration into the EU agricultural market offers significant opportunities. The increased demand for Ukrainian agricultural products within the EU has helped stabilize the country's economy, especially during the ongoing war. Moreover, access to the EU market has encouraged Ukrainian producers to improve the quality and sustainability of their products, making them more competitive on the global stage.

7. Challenges in aligning Ukraine's agricultural sector with EU standards

Integrating Ukraine's agricultural sector into the European Union is a comprehensive process that presents various challenges. As one of Ukraine's most significant economic sectors, agriculture is critical to the nation's economy and a key area of focus for integration into the EU. However, aligning Ukraine's agricultural policies and practices with the European regulatory framework, particularly the Common Agricultural Policy, is a complex and demanding endeavor.

At the same time, Ukraine's membership in the EU provides opportunities for the EU, even though there are challenges. Ukraine's membership in the EU frightens many EU members, who have a large share of agricultural production, which is generated by many small family farms. This is not only about the economic aspects of the impact, but in fact, this might result in social tensions, which was already shown by a ban on Ukraine's grain imports into neighboring countries.

The biggest challenge Europe faces in this area is the reform of the Common Agricultural Policy, which is ineffective and does not meet the goals that were set for it many years ago. CAP reform has been discussed for more than a decade and should be finally implemented before Ukraine's admission to the EU. Such a reform is a necessity, as its possible implementation in Ukraine under the current rules would exceed the financial capacity of the EU, given the size and development potential of agriculture in Ukraine. Several areas of the CAP should be incorporated in Ukraine's legislation but which might be changed within the CAP reform:

- Integrated administration and control system (IACS) for direct payment support
- Land parcel identification system (LPIS)
- Farm sustainability data network

Several other IT blocks also refer to the CAP, which Ukraine is still to implement[6]. Therefore, for Ukraine, adhering to this framework requires substantial reforms, not only in legislation but also in the implementation mechanisms. This involves significant investment in administrative capacity and the creation of institutional capacities.

Another significant challenge is meeting the strict sanitary and phytosanitary standards required for access to the EU market. These standards ensure that all food and agricultural products entering the EU are safe for consumers and meet high environmental and health standards. Ukraine has made progress in aligning with these standards, but gaps remain in areas such as pesticide use, food hygiene, and animal welfare. For Ukrainian producers, meeting these standards can be costly and challenging.

Institutional capacity is another area where Ukraine faces significant challenges. While progress has been made in modernizing its agricultural institutions, much remains to be done. Implementation of the CAP requires the creation of a robust institutional environment that has the capacity and authority to effectively enforce regulations, manage subsidies, and ensure compliance across the agricultural sector. Currently, Ukraine's institutions are still in the process of aligning

[6] https://agriculture.ec.europa.eu/common-agricultural-policy/financing-cap/assurance-and-audit/managing-payments_en

with EU norms, and further investments are needed to build the necessary capacities.

Another layer of complexity in aligning Ukraine's agricultural sector with the EU involves environmental and climate change-related regulations. The European Green Deal and the Farm to Fork and Biodiversity strategies aim to transform European agriculture into a sustainable system that reduces its carbon footprint and protects biodiversity[7]. For Ukraine, adopting these regulations poses both an environmental and economic challenge. Implementing sustainable farming practices and reducing pesticide use would increase Ukraine's agricultural sector's potential to expand its export markets.

Financial considerations are also a significant challenge. Ukraine's agricultural sector is still recovering from the devastation caused by the ongoing war, which has severely impacted agricultural infrastructure and production. The cost of aligning with EU standards, particularly in upgrading infrastructure, implementing new technologies, and retraining workers, is substantial. Ukraine will need continued support from international donors and the EU to meet these requirements successfully. Additional costs are required for the de-mining of agricultural land.

Lastly, the socio-political landscape adds further complexity to the integration process. The agricultural sector in Ukraine is not only an economic powerhouse but also deeply embedded in the social fabric of rural communities. As the country moves towards alignment with EU standards, there may be resistance from various stakeholders within Ukraine's agricultural sector, particularly from those who fear that the changes will lead to increased costs and reduced competitiveness in the short term.

In conclusion, while Ukraine has made significant progress in aligning its agricultural sector with EU standards, the path ahead is fraught with challenges. Regulatory alignment, institutional capacity building, environmental sustainability, financial costs, and socio-political factors all play critical roles in determining the success of this integration process. Overcoming these challenges will require a concerted effort from Ukraine and the EU and substantial financial and technical support.

[7] https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en

8. Experiences of Polish agri-food companies related to EU accession and membership useful for Ukraine and Ukrainian entrepreneurs

A key challenge for Poland before 2004 - in the context of the agri-food sector - as a country aspiring to membership in the European Union was the smooth adaptation to EU production standards. Before accession, Polish agricultural companies faced the need to adapt their production processes, technologies and management systems to EU standards, which entailed significant investments. Today, from Ukraine's perspective, it seems crucial to quickly adapt to regulations on product quality, food safety, environmental protection and animal welfare in order to fully benefit from access to the EU market. While Ukraine's largest agroholdings have been engaged in processes for years to meet increasingly stringent quality standards, smaller producers may face serious cost problems on this path.

Pre-accession and structural funds turned out to be important for Poland in this system. Before joining the EU, our country benefited from SAPARD program, focused on modernization of the agricultural sector. Already after the accession, Polish farmers gained the access to much larger funds from the Common Agricultural Policy (CAP), which financed infrastructure development, farm modernization and technological innovations. Today, Ukraine should, as Polish farmers have largely neglected to do - especially in the advisory and educational areas - prepare for the most effective use of similar funds that will improve the modernization of the agri-food sector there.

It will also be a significant challenge to find its place in the EU's agri-food export network both within the Community and to third countries. Ukraine is already a powerful exporter of agri-food products ($27.9 billion in 2021 - the latest reliable data), but the European consumer market of nearly 0.5 billion people will not be fully open until after accession. In addition, thanks to trade agreements concluded by the European Union and the raising of production standards, Ukraine is sure to increase its exports to non-European countries as well. Ukrainian companies will efficiently have to adapt to the needs of foreign trade and skillfully balance them against the needs of the domestic market. Poland has learned to use various forms of cooperation here, such as sector organizations, employers' unions, agricultural cooperatives and producer groups (both to a limited extent) or clusters, which have enabled farmers to better manage production and negotiate more favorable market conditions. Ukraine could consider developing similar structures to strengthen the position of its farmers in the market.

In Poland, an important part of the long process of integration with the European Union was the development of training programs for farmers and agricultural entrepreneurs to help them understand and meet EU requirements. Ukraine should implement similar initiatives on a larger scale than Poland did in its time, and develop a system of effective agricultural advisory services created by people with the competence to smoothly navigate the maze of EU regulations.

Of considerable importance - this is a task for Ukrainian public authorities - is also the proper construction of a competent institutional environment to serve the agricultural sector - including in relations with the EU. In Poland, the key institutions for farmers are:

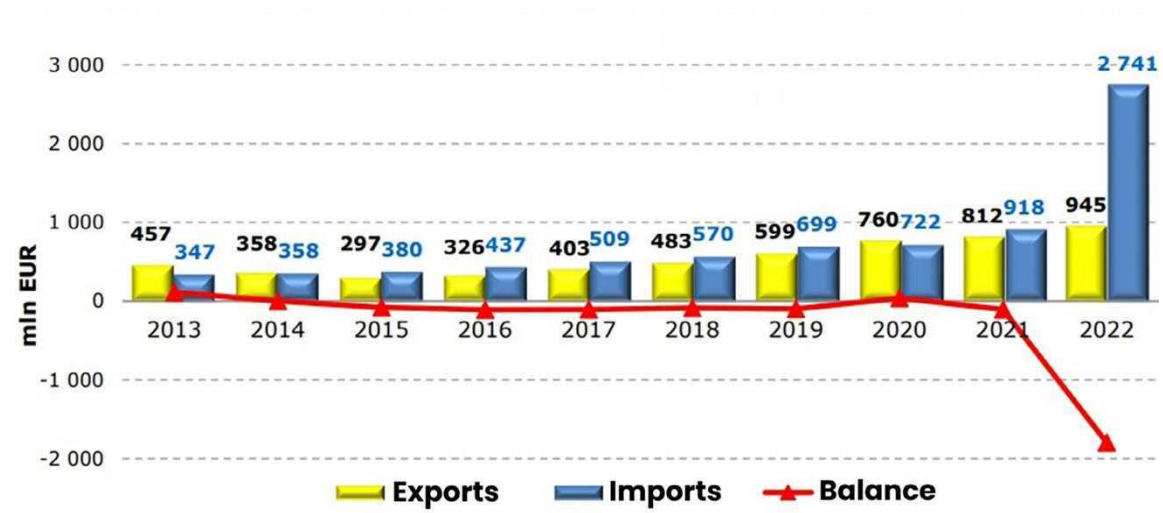
- Agency for the Restructuring and Modernization of Agriculture,
- The National Center for Agricultural Support (created after the consolidation of the tasks of the Agricultural Market Agency and the Agricultural Property Agency),
- Central and local Agricultural Advisory Centers.

9. Prospects for cooperation between Polish and Ukrainian companies in the agri-food sector on the European market

In 2022 (the latest full annual data published by the KOWR[8]), Polish farmers exported goods worth EUR 945 million to Ukraine. At the same time, the shipment of Ukrainian agricultural products to Poland amounted to EUR 2741 million. It should be mentioned that 2022 is the beginning of Russia's aggression against Ukraine and a special period for the export of Ukrainian agricultural products - especially grains - to Poland. In the last fully reliable period covering 2021, Poland exported agri-food products to Ukraine for €812 million, and Ukraine to Poland for €918 million. In 2021, the balance of trade was negative at €106 million, against a positive balance in 2020 of €38 million. Between 2013 and 2021, exports of agri-food goods from Ukraine to Poland accounted for an average of 3 percent of total exports in this segment from Ukraine. In the same period, a similar percentage for Poland was 1.77 percent.

[8] Foreign trade of Poland's agri-food goods with Ukraine (including foreign trade for 2022), National Agricultural Support Center, Warsaw 2023.

Chart 6.Foreign trade turnover of Poland's agri-food goods with Ukraine



Source: NEB

Poland mainly sends vegetables and their products, dairy products, meat, feed products, coffee, tea, cocoa and fruits to Ukraine. In the other direction are sent animal and vegetable fats and oils, grain, oil seeds and fruits, animal feed and food industry wastes. Poland and Ukraine, being neighbors and having strong agricultural traditions, still show significant potential to develop cooperation in the agricultural sector on the European market. Wider cooperation is already possible today, although this potential is still highly untapped.

Poland has potential to become a logistics hub for the transit of Ukrainian agri-food goods into and out of the EU. However, this requires infrastructural investments focused on increasing the capacity of border crossings, increasing the activity of veterinary and phytosanitary inspection services, simplifying transit procedures, expanding the warehousing, road and rail network, and expanding the capacity of storage, handling and shipment of grain from Polish ports. Even with the reopening and revival of trade on the Black Sea, the western part of Ukraine could benefit from Polish logistics infrastructure in the long term due to its geographical proximity. A decision to launch the above investments would also increase the prestige of Gdansk's port and strengthen its position as the most important port in the Baltic Sea.

Polish and Ukrainian companies in the agricultural sector can also already pursue joint ventures aimed at producing and exporting agricultural products to the EU market. The joint companies can take advantage of Poland's experience in trading with the EU, as well as the natural resources and production capabilities of Poland and Ukraine. Cooperation in research and development is also possible. Polish and Ukrainian research institutes and entrepreneurs can cooperate in researching new agricultural technologies that will improve the efficiency and quality of agricultural production. Polish experience in integrating into the EU market can be a valuable source of knowledge for Ukrainian companies. Polish companies can also support Ukrainian partners with advice and training to help them adapt to the requirements of the EU market. There is also some potential in the creation of special economic zones on the Polish - Ukrainian border, which will encourage investment in the agricultural sector by offering tax breaks and simplified customs procedures. Gradual harmonization of regulations and standards for agricultural production will have a stimulating effect on boosting reciprocal trade.

The governments of both countries should also establish efficient arbitration or mediation mechanisms to help resolve potential disputes between Polish and Ukrainian companies in a prompt and fair manner. It is important for the governments to ensure that investors' interests are protected through bilateral agreements that set out rules for the protection of intellectual property, investment rights and dispute resolution.

10. Strengthening ties between the agricultural sectors of Poland and Ukraine in the European market

Poland and Ukraine share deep historical, geographical, and economic ties, and these connections extend strongly into the agricultural sector. Strengthening the collaboration between the agricultural sectors of both countries offers significant opportunities for mutual growth and enhanced competitiveness within the European market.

One of the key areas of potential collaboration lies in the exchange of knowledge and best practices. Poland, as a member of the European Union since 2004, has undergone the process of aligning its agricultural sector with EU standards and has successfully implemented the CAP. Poland's experience is invaluable for Ukraine as it navigates its path towards European integration. Polish farmers, agricultural institutions, and policymakers can provide critical insights into adjusting their business operations and legislation to EU acquis.

Another area of cooperation is the development of cross-border trade infrastructure. Poland and Ukraine share a long border, and improving the logistics of agricultural trade between the two countries could significantly enhance the flow of goods. Investments in transportation and border infrastructure, customs processes, and storage facilities would reduce trade barriers and lower costs, benefiting both countries. Moreover, strengthening these logistics networks would allow Ukraine to better access to EU countries and the possibility of exporting to third countries using Polish seaports on the Baltic Sea.

Joint ventures and partnerships in agri-food processing are also areas where Poland and Ukraine can strengthen their ties. Both countries, and Poland in particular, have well-established agri-food industries, and by working together, they can create more competitive products within the EU market. For example, Polish-Ukrainian partnerships could focus on processing raw agricultural products into higher-value goods, such as processed foods, dairy products, and beverages. By adding value to their exports, both countries could benefit economically. Sustainability is another critical area for cooperation. The European Green Deal has set ambitious goals for reducing carbon emissions and promoting sustainable farming practices across the EU. Poland and Ukraine can collaborate on developing and implementing sustainable agricultural technologies, such as precision farming, organic farming, and using renewable energy in agricultural production. Poland's experience in aligning its agricultural sector with the EU's environmental goals can help guide Ukraine on this path.

However, some challenges must be addressed to realize the full potential of this cooperation. Poland and Ukraine are major exporters of similar agricultural products, such as grains and poultry, which could increase competition within the EU market. Both countries must balance collaboration and competition to ensure their agricultural sectors can coexist and thrive in the European market.

Furthermore, political and economic stability in the region is crucial for the success of these collaborative efforts. The war in Ukraine has disrupted agricultural production and

trade, making it challenging to implement cross-border projects fully. Continued support from the EU and efforts to stabilize the region will be critical in ensuring the long-term success of Polish-Ukrainian agricultural cooperation.

In conclusion, the agricultural sectors of Poland and Ukraine have much to gain from closer cooperation. Both countries can strengthen their positions in the European market by sharing knowledge, improving trade infrastructure, and collaborating on sustainable practices. However, careful management of competition and ongoing support from the EU will be necessary to realize the full benefits of this partnership.

11. Recommendations for Ukraine and Ukrainian companies related to EU accession

Ukraine must be fully aware that the path to accession to the European Union is long and requires significant reforms of the entire agricultural sector, as well as its legal and organizational environment. The agri-food sector, as one of the strategic segments of the EU economy, is subject to a number of regulations. It should also be remembered that the development of Ukraine's agricultural sector should be as harmonized as possible, so as not to create excessive disparities in the development of the country's various agricultural regions. Among the most important measures that Ukraine and Ukrainian agricultural entrepreneurs should take related to its accession to the European Union are the following:

1. Ukraine must continue to align its agricultural policies and practices with the EU regulatory framework. This includes aligning agricultural state aid with CAP requirements and ensuring compliance with EU standards for food safety, environmental sustainability and animal welfare. Accelerating these reforms will help Ukraine gain fuller access to the EU market and benefit from CAP subsidies. Ukraine should seek long-term funding from international donors and EU programs to support its efforts to modernize agriculture, align with EU standards, upgrade infrastructure and implement new production technologies.
2. Harmoniously align production standards with EU requirements. International certification and accreditation may be helpful in this regard. Also, Ukrainian institutions responsible for quality control and food safety should be strengthened so that they can effectively monitor compliance with EU standards.
3. It is necessary to take into account current and future environmental requirements, which will entail significant costs associated with the modernization of already existing systems of food production, farming, or livestock husbandry. Of particular importance for the shape of the EU agricultural sector in the next few years will be the future of the European Green Deal and decisions on levels of reduction in the possibility of using fertilizers and plant protection products. Adopting sustainable agricultural practices, such as reducing the use of pesticides and promoting organic farming, will bring Ukraine in line with EU goals and make its agricultural products more competitive on the European market.
4. Creation in Ukraine competent and transparent public institutions necessary for effective implementation of EU regulations and dealing with the distribution of EU funds for the development of the agricultural sector and rural areas. Ukraine should prioritize strengthening its agricultural agencies, improving administrative capacity and expanding the technical expertise needed to enforce EU regulations and manage the transformation of the agricultural sector.
5. It is necessary to strengthen cross-border cooperation with EU countries, which will be crucial for the rapid integration of Ukraine's agricultural sector into the European Union. Joint projects in sustainable agriculture, agri-food processing and logistics should be implemented to ensure that Ukraine fully utilizes its agricultural potential in the European market.

6. Creation and development of educational programs to help farmers understand the requirements of the EU internal market. Already today, Ukraine should benefit from the wide range of pre-accession financial support that proved crucial on Poland's path to the European Union. Training Ukrainian companies and farmers in application procedures and management of EU-funded projects should be part of this effort.
7. Integrated agricultural data management within EU systems is necessary to effectively meet EU control and reporting requirements. Ukrainian agricultural companies - especially the medium-sized segment - should invest in implementing data management systems, such as the Integrated Administration and Control System or the Farm Accountancy Data Network. Analytical technologies will enable agribusinesses to report to EU agencies in accordance with CAP requirements and to better control production efficiency, increasing transparency and compliance.
8. Ukrainian companies should consider a strategy of sustainable intensification of production, i.e. increasing agricultural productivity without expanding the acreage under cultivation. An example is the implementation of precision agriculture tools. These techniques will help meet the growing requirements of the European Green Deal and restrictions on the use of so-called agricultural chemicals, which will become crucial for access to the EU market.
9. For the stability of the agricultural sector, it is necessary to expand the current structures of Ukrainian economic diplomacy operating at the EU institutions. Conducting an effective policy in the Community market requires the functioning of a properly communicated and efficient diplomatic structure. This is particularly important with regard to the agricultural sector, which in recent years has been one of the most heavily regulated areas of EU policy due to the shape of the Community climate policy. Representation of the Ukrainian agro sector in sector organizations operating at the EU level (e.g. Copa-Cogeca) will be important in this context. The value in this context is the effective cooperation of the public sector with the business community.

The Warsaw Enterprise Institute (WEI) is a leading Polish think tank originating from the Union of Entrepreneurs and Employers. Established to enhance Poland's prosperity, WEI focuses on four critical areas: State and Law, Security, Economy, and Demographics. WEI provides solutions for state institutions and independent social or commercial entities through rigorous research, analysis, educational projects, and publication of commentaries, stances, memoranda, and reports.

WEI believes that Poland's security and the prosperity of its citizens depend on their rights and freedoms, including the right to choose their way of life, equality before the law, and the right to accumulate wealth. WEI advocates for a strong and efficient state to protect against injustice and external threats but emphasizes that the state's role should be minimal to foster entrepreneurial energy and spirit.

WEI's key areas of focus are:

State and Law. WEI is dedicated to improving the quality of laws, the legislative process, and their application and enforcement in court proceedings. WEI supports a legal framework based on simplicity and the natural order, advocating for minimal regulation and emphasizing voluntary agreements and contracts. The organization promotes a strong but limited state focused on ensuring security and justice for its citizens.

Security. Learning from historical experiences, WEI supports Poland's participation in defense pacts and international organizations while emphasizing self-reliance, with the Polish Army as the key guarantor of national independence. WEI advocates for a professional army capable of effectively countering potential threats and stresses the importance of energy security by diversifying energy sources and supply routes. The institute supports Poland's presence in the EU as an economic community but opposes the concept of a single European state dominated by bureaucracy. Poland's foreign policy, according to WEI, should prioritize national political and economic interests.

Economy. WEI asserts that a robust economy is essential for funding national defense, improving living standards, and halting depopulation. The institute calls for straightforward business regulations, low and simple taxes, and an efficient judiciary. WEI opposes harmful taxes and bureaucratic barriers, advocating for equal conditions for business competition and focusing on small and medium-sized enterprises (SMEs), the backbone of the Polish economy. Educational reform to align with job market needs and limited state participation in the economy, except in military and energy sectors, are also crucial economic policies WEI promotes.

Demography. Addressing unfavorable demographic trends is crucial for achieving WEI's goals. The institute supports policies to increase birth rates, curb emigration, and implement sensible immigration policies. Strengthening families' legal and social position to encourage higher fertility rates is a priority. WEI believes in allowing citizens to retain more earnings to support child-rearing and advocates for localized social support policies targeting only those in need.

WEI maintains a nonpartisan stance, supporting beneficial national solutions regardless of political origin. WEI collaborates with Polish authorities through professional analysis and active public engagement in strategic planning, policy development, and implementation, contributing to Poland's development and prosperity.

INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING

The Institute for Economic Research and Policy Consulting (IER) is the leading Ukrainian independent think tank focusing on economic research and policy advice. It has more than 20 years of experience in economic policy analysis and the development of policy recommendations. Since 2016, the IER actively supports regional civil society organizations in Ukraine through re-granting, mentoring, training, and awareness-raising campaigns.

IER's mission is to provide alternative solutions to key problems of social and economic development in Ukraine based on the rule of law, democracy, and market economy principles. The IER's special focus is on promoting the EU-Ukraine Association Agreement.

The IER aims to:

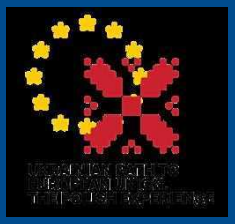
1. provide top-quality expertise in the field of economy and economic policy-making and developing strategic and instrumental components of the economic policy;
2. formulate a public opinion through the organization of public debate, facilitation of public dialogue and spreading knowledge;
3. contribute to the development of economic and social sciences and promote the development of the Ukrainian research community.

Since its establishment in 1999, the IER has focused on economic research and policy advice in macroeconomic policies, business climate, small and medium entrepreneurship (SME) development, international trade, financial markets, and regional and sectoral development. Since the early 2010s, the IER has been extensively focused on promoting the European integration of Ukraine.

The IER's particular strength is monitoring business attitudes and expectations towards various aspects of the business environment and regulation, including policy impacts, by conducting regular and ad-hoc business tendency surveys. Since July 2002, the IER has held a regular quarterly survey of 450 industrial enterprises in Ukraine to monitor, forecast, and analyze business activity based on the information received "from the ground up" judgments and economic agents' anticipations. Since May 2022, the survey has been conducted monthly and covered 500+ from all controlled by GOU oblasts. The IER has developed an Annual Business Climate Assessment – a policy tool for monitoring and assessing business climate and SME development based on firms' perceptions and attitudes. Annually the IER has conducted 1000+ enterprises regarding trade facilitation issues and customs work assessment.

After 24 February 2022 year, the IER focused on supporting Ukrainian resistance to full-scale military aggression. Our activities are repurposed according to stakeholder needs. Since May 2022, the IER has run the Program "Analytics and Information of the Countries' Economy during the War Time." The IER produces and promotes monthly the analysis and forecast of the Ukrauaianin economy, including monthly surveys of 500+ enterprises. The IER is a member of the public initiatives RISE (a coalition of Ukrainian and international organizations working for Ukraine's Reconstruction Integrity, Sustainability, and Efficiency). Also the IER is the founder of the RRR4Ukiraine think tank initiative, which aims to promote honest and visionary recovery based on the principles of openness and accountability.

The IER successfully combines professional analysis with active involvement in public dialogue and advocacy and actively cooperates with Ukrainian national and regional authorities in strategic planning and policy development, and policy implementation. The IER has the capacity for grant management and provides re-granting for capacity development to regional civil society organizations and media.

WEI

INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING