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AUGUST
2026

REPORT

The Impact of Ukraine's Accession to the EU on the CAP



**WARSAW ENTERPRISE INSTITUTE
INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING**

THE IMPACT OF UKRAINE'S ACCESSION TO THE EU ON THE CAP

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This publication was prepared with the support of the Open Society Foundations and the International Renaissance Foundation. The content of this publication is the sole responsibility of the authors and does not necessarily reflect the views of the donors.

WARSAW, AUGUST 2026

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EXECUTIVE SUMMARY

Ukraine's prospective accession to the European Union raises questions that extend well beyond bilateral trade relations. Because the Common Agricultural Policy distributes funds primarily on the basis of agricultural land area, integrating a country with over 40 million hectares of pre-war farmland would alter the distribution of the EU's largest single budget program. This report, prepared jointly by the Warsaw Enterprise Institute (WEI) and the Institute for Economic Research and Policy Consulting (IER), analyses the consequences of Ukraine's accession for the CAP — for the EU budget, for Poland as a major current beneficiary, and for Ukrainian producers seeking access to support instruments.

The CAP has operated since 1962 on the principle of area-based income support. In the 2021–2027 financial framework, it accounts for approximately EUR 387 billion, roughly one quarter of the total EU budget. The July 2025 Commission proposal for 2028–2034 introduces structural change: agricultural funds are to be merged with cohesion and other policy funds into National and Regional Partnership Plans with a combined value of approximately EUR 865 billion. Within this pool, at least EUR 300 billion is designated exclusively for agricultural income support and crisis response. This is a nominal reduction of approximately 22–24% compared to the current full CAP allocation across both pillars. Income support would be delivered through a new instrument, the Degressive Area-Based Income Support (DABIS), which introduces degressivity bands and a payment ceiling of EUR 100,000 per farm per year. Whether the CAP retains an adequately funded and legally protected budget is the central unresolved question in the ongoing MFF negotiations.

Implications for Poland

Poland is currently the fifth-largest CAP beneficiary, receiving approximately EUR 5.1 billion in 2023. Bruegel estimates that Ukraine, if admitted under current area-based payment rules, would receive approximately EUR 85 billion over seven years, exceeding France's current annual allocation and Poland's combined 2023–2027 program. WEI modeling produces three scenarios for Poland's 2028–2034 allocation. Under the Commission's July 2025 proposal without Ukraine's accession, Poland's allocation falls from EUR 25 billion to approximately EUR 19.4 billion. Under a phased-in accession scenario with gradual payment rates, Poland's allocation falls further to approximately EUR 17.4 billion, a 31% reduction. Under a full-rate, no-transition scenario, the figure falls to approximately EUR 15.3 billion, a 39% reduction of over EUR 1.4 billion per year. These scenarios are based on the pre-2027 per-hectare distribution logic and should be read as illustrations of the scale of risk under the old rules; under the post-2027 NRP framework, accession would not directly reduce Poland's pre-allocated budget envelope, and the actual financial consequences for Poland will depend on the overall size of the next MFF and the terms negotiated in the accession package.

These outcomes are not predetermined. They depend on three decisions currently being made in Brussels: whether the CAP retains a separate protected budget; whether Ukraine enters the payment system through a phasing-in mechanism comparable to Poland's from 2004 onward; and whether payment caps and degressivity are designed to apply effectively to the largest farm entities. Each instrument is under active negotiation as part of the post-2027 reform.

Poland's engagement in that negotiation will determine the financial outcome more than its posture toward Ukraine's accession itself.

Ukraine's accession also creates real opportunities for Poland. The two agricultural sectors are structurally complementary: Ukraine produces raw materials at scale, while Poland has built a competitive food processing industry. Polish agri-food exports reached a record EUR 53.5 billion in 2024. Access to cheaper Ukrainian inputs could reduce processing costs and strengthen competitiveness. Poland also stands to benefit as a transit and logistics hub and as a provider of advisory and institutional knowledge during Ukraine's alignment with EU standards.

Implications for Ukraine

Ukraine's agricultural sector is characterized by extreme heterogeneity. At one end, over 3.85 million farming households, many operating outside formal agricultural structures, farm around 12 million hectares at an average of roughly 3 hectares and account for approximately 30% of gross agricultural output, predominantly in labor-intensive sectors such as vegetables, fruit, potatoes, and livestock. At the other end, approximately 100 agroholdings each farm between 10,000 and 500,000 hectares, with all but one of the ten largest registered overseas, mainly in EU tax havens. Between these poles sits the enterprise sector: around 30,200 entities held agricultural land in 2025, using 18.3 million hectares at an average of roughly 600 hectares, of which an estimated 20,000 are commercially active. Taken together, Ukraine's agricultural land base amounts to approximately 32.7 million hectares, and arithmetic averages across the whole producer population are of limited use here: the distribution is bimodal, and a single mean obscures the gap between millions of sub-hectare household plots and a hundred entities farming tens or hundreds of thousands of hectares. Most of the land used by these enterprises (around 17.3 of 18.3 million hectares) is leased rather than owned, a structural legacy of the long-standing moratorium on agricultural land sales. Because CAP payment entitlements attach to the active farmer using the land, clear lease registration and land-use documentation would be a precondition for converting Ukraine's land base into an actual payment base.

CAP eligibility requirements would further differentiate outcomes across producer categories. Medium-sized commercial enterprises are the most likely principal beneficiaries: they have the administrative capacity to meet registration, conditionality and reporting requirements and operate at a scale where the EUR 100,000 payment ceiling does not significantly limit per-entity payments. Large agroholdings have strong compliance capacity but face a more complex picture under capping rules. At EUR 198 per hectare, the ceiling applies to approximately 505 hectares per beneficiary. However, Ukrainian agroholdings are structured as multiple legally separate entities; under the Commission's proposal, the cap applies per legal or natural person. The effective impact of capping on agroholdings therefore depends critically on whether final rules cover related entities and prevent circumvention through corporate restructuring. Small farms and household producers face the most significant barriers, primarily related to registration, minimum-area thresholds set by member states, and administrative compliance rather than productive capacity.

Estimates of potential CAP support for Ukraine range from EUR 70–96.5 billion over seven years under scenarios that apply current area-based rules with no transition or capping, down to approximately EUR 1.2 billion annually at full rate under a phased-in, capped scenario. In the first year of accession, the phased-in

figure would be approximately EUR 300 million. The headline figures represent theoretical budget exposure; the lower transition-adjusted figures represent a more realistic planning baseline. Under the post-2027 CAP, the designated income support budget is approximately 24% smaller in nominal terms than the current allocation, resulting in a lower per-hectare rate when Ukraine's land base is included in the eligible area. A precise post-2027 estimate cannot yet be calculated because payment rates and eligible-hectare definitions remain under negotiation.

Common interests and recommendations

Despite differences in position regarding market access and payment distribution, Poland and Ukraine share a fundamental interest in preserving a well-funded CAP with protected income support. Both countries stand to lose if agricultural funding is absorbed into a general budget pool. Both also benefit from a payment model that limits concentration among the largest entities rather than distributing support by area alone.

At the EU level, the report recommends: defending a separate and legally protected CAP budget; establishing a multi-year phasing-in mechanism for Ukraine; ensuring payment caps cover affiliated entities and cannot be circumvented through corporate restructuring; maintaining effective regional safeguard clauses and market monitoring; and making trade liberalisation conditional on substantive alignment of Ukrainian environmental and animal welfare standards, while recognising the additional costs Ukrainian producers bear due to war damage and asset destruction.

At the national level, Poland should orient support toward value-added production and niche markets; strengthen producer organizations; monitor and protect against concentration of agricultural land and processing assets by large externally funded capital; and prepare the national budget for greater agricultural co-financing as EU allocations decline in real terms.



2. INTRODUCTION: WHY UKRAINE'S ACCESSION MATTERS FOR CAP

Agriculture has traditionally remained one of the key sectors of the Ukrainian economy and continues to play a strategic role in ensuring economic stability, food security and export capacity. At the same time, the role of agriculture has evolved under wartime conditions. Based on gross value-added statistics, the share of agriculture, forestry, and fishing in Ukraine's GDP declined from 11.1% in 2021 to 7.1% in 2024. This indicator, however, captures the direct contribution of the sector only. Its weight in the external economy is far larger: agri-food products accounted for 56% of Ukraine's merchandise exports in 2025, down from 60% in 2024 but still the largest single category. Despite the decline in the direct contribution of agriculture, the sector therefore remains strategically important for Ukraine's economic stability, food security and export capacity^{1, 2}. However, for the purposes of the CAP debate, the significance of Ukrainian agriculture lies not primarily in its contribution to Ukraine's economy but in the scale of agricultural land potentially eligible for support, the diversity of producer structures, and the implications for future CAP budget allocation in an enlarged EU. Throughout this report, Ukrainian producers are grouped into three analytical categories. Farming households produce mainly for own consumption on plots typically well below one hectare and are not registered as agricultural producers. Private farms (fermerski hospodarstva) are a legal form rather than a structural one: the category spans genuinely independent operations of a scale comparable to farms in EU member states, larger commercially run units, and entities that function as satellites of larger groups. Agricultural enterprises range from medium commercial operations to agroholdings farming tens or hundreds of thousands of hectares. These are analytical groupings; in Ukrainian official statistics private farms are counted within the enterprise sector, so the categories should not be added together.

The war has simultaneously increased structural pressure on the sector. In 2025, gross value added in agriculture decreased by 6.2% compared to 2024, with crop production declining by 7.5% and livestock production by 4.1%. At the same time, total losses to the agricultural sector are estimated at more than USD 80 billion, including approximately USD 10.3 billion in direct asset damage. The war has also reduced the land base available for future support: around 5 million hectares of agricultural land have become inaccessible due to occupation, mining, and military activities^{3, 4}. This represents the narrower category of land that is physically inaccessible or unsafe for cultivation. The broader estimate used indicates that approximately 8.6–9 million hectares, or around 22% of Ukraine's pre-war agricultural area, covers land affected by a range of war-related constraints. This includes land physically inaccessible due to mining and military activity, as well as land affected by degradation and fallowing. However, the largest share of this figure consists of land under Russian occupation, most

1 <https://fbc.biz.ua/news/ekonomika-uk/agrarnij-sektor-formuye-majzhe-p-yatu-chastinu-vvp-ukrayini/>

2 https://nabu.ua/images/uploaded/com_chart/file_6f1b51a5f2e658d1938511c00f47fc6b.xls

3 <https://stat.gov.ua/uk/publications/dynamika-ta-strukturni-zminy-vvp-ukrayiny-u-2022-2025-rokakh>

4 <https://kse.ua/ua/oglyad-zbitkiv-ta-vtrat-v-apk/>

of which continues to be cultivated, but not by Ukrainian producers and not under Ukrainian jurisdiction.

At the same time, Ukraine remains one of Europe's largest agricultural producers and exporters of staple foods and therefore represents a structurally significant case for the future evolution of the Common Agricultural Policy rather than solely a bilateral issue between Ukraine and neighbouring member states. Given the scale and export orientation of Ukraine's agricultural sector, its accession has a broader regional dimension. The integration process will require coordination of market rules, infrastructure and investment planning, as well as dialogue among producers, businesses and public authorities in neighbouring Member States. This can support a predictable transition and the development of mutually beneficial trade, logistics and processing links across the region. Ukraine's agricultural sector combines a large agricultural land base with a strong export orientation and diversified production structure. As of 2025, agricultural land covered approximately 32.7 million hectares, including around 26 million hectares of arable and fallow land. Agricultural enterprises used around 18.3 million hectares of agricultural land, of which approximately 17.3 million hectares were leased, though this covers only the formal enterprise sector; farming households, which account for approximately 30% of gross agricultural output, farm a substantial additional area^{5, 6, 7}. Because most of this land is farmed under lease rather than owned, the allocation of payment entitlements between landowners and operators is itself an eligibility question, addressed in Section 6.2.

An additional dimension relevant for Ukraine's accession is the coexistence of different types of agricultural producers, ranging from household producers and family farms to agricultural enterprises and large integrated companies. These categories differ in their legal status, production scale, market participation and access to support, and should therefore not be treated as directly comparable. As of 2024, Ukraine had 58.7 thousand agricultural enterprises employing around 486 thousand people⁸. According to Ukrstat's financial statistics classification, small enterprises accounted for more than 95% of agricultural enterprises by number during 2015–2024, while medium-sized enterprises maintained a stable position and large enterprises represented only a limited numerical share (Table 1)^{9, 10}. This classification differs from Ukrstat's land-use reporting, which records approximately 40,000 agricultural entities before the war and around 30,000 currently, grouping enterprises by the area of agricultural land owned and used rather than by financial size criteria. At the same time, production is more concentrated than enterprise numbers suggest, reflecting the coexistence of family farms, small and medium producers, and large integrated agricultural companies. This means that Ukraine's future participation in the CAP is not only a question of opening access to EU support instruments but also of determining how existing CAP rules, many of which remain linked to land, eligibility and environmental conditionality, would apply to a very large and internally diverse agricultural member state. In practice, this raises a central policy question: which categories of Ukrainian producers would actually be able to satisfy CAP eligibility requirements and benefit from support instruments?

5 https://kse.ua/wp-content/uploads/2024/03/Agroviglyad_2_ukr.pdf

6 <https://kse.ua/wp-content/uploads/2025/06/Zemelniy-rinok-v-Ukrayini.pdf>

7 <https://www.ukrstat.gov.ua/operativ/operativ2021/sg/ppsgk/ppsgk2025.xlsx>

8 This figure refers to agricultural enterprises as classified in Ukrainian official statistics and is not directly comparable with estimates based on farm holdings or other active agricultural entities used elsewhere in the report.

9 https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pssg/ksg_ek_2010_2021_ue.xlsx

10 https://ukrstat.gov.ua/operativ/operativ2012/fin/osp/kzp/kzp_u/arch_kzp_u.htm

Table 1. Number of active agricultural enterprises in Ukraine by enterprise size, 2015–2024¹¹

	Small	Medium	Large
2015	76 720	2 535	29
2016	72 095	2 505	20
2017	74 184	2 391	18
2018	73 998	2 307	23
2019	73 131	2 285	34
2020	71 195	2 137	36
2021	68 659	2 095	49
2022	51 555	1 687	39
2023	61 460	1 461	39
2024	57 260	1 391	52

Source: summarised by the authors based on <https://stat.gov.ua/uk/explorer?md5=1d4fefa87372bdf8ae92d027ac159271>

For this reason, Ukraine's accession should be viewed as a broader question of CAP enlargement rather than a bilateral Polish–Ukrainian agricultural issue. The scale of Ukraine's agricultural land, export role, and producer diversity raise broader questions about the future design of CAP instruments, eligibility criteria, budget allocation, transition mechanisms, and the balance among competitiveness, rural development, and environmental objectives in an enlarged European Union. These considerations may have different implications across EU Member States and their regions, particularly in border areas, which underlines the importance of appropriately phased integration arrangements and continued dialogue among relevant stakeholders. Still, the future reform of the CAP is driven by multiple factors, including budgetary constraints, new policy priorities, geopolitical developments and possible future enlargement. Ukraine's accession should therefore be considered as one of several factors influencing the future CAP design rather than its sole driver



¹¹ The table presents the number of active agricultural business entities classified by size in official Ukrainian statistics. It does not include household producers and is therefore not equivalent to the total number of agricultural producers or farm holdings. Enterprise-size categories follow the official Ukrainian statistical classification of business entities by size.

3. WHAT IS THE COMMON AGRICULTURAL POLICY?

It was established in 1962, at a time when Western Europe was emerging from postwar food shortages, and its original goal was to ensure stable supplies and fair incomes for farmers. These objectives, still enshrined today in Article 39 of the Treaty on the Functioning of the European Union, sound almost the same as they did sixty years ago: increased agricultural productivity, a fair standard of living for the rural population, market stability, security of supply, and reasonable prices for consumers. What has changed, however, are the tools – and significantly so.

Simply put, the CAP is the mechanism through which the EU transfers tens of billions of euros to farmers each year. In the current 2021–2027 financial framework, the budget is approximately 387 billion euros, roughly one-quarter of the EU's total budget in 2023¹². No other common policy absorbs such a large amount of money. This means that whenever we talk about money in the EU, we end up discussing agriculture sooner or later.

For decades, the CAP has been based on two pillars, and this division remains in place. However, the Commission proposes to eliminate this two-pillar structure after 2027 by consolidating agricultural funds into a single pool. The first pillar consists of direct payments and market instruments. Direct payments are generally paid per hectare, are fully funded by the EU budget through the European Agricultural Guarantee Fund, and account for the lion's share of all expenditures – nearly two-thirds of the budget. The mechanism is simple: the larger the farm, the higher the subsidy. This simplicity is an advantage because it makes administration easy. Still, it is a constant source of controversy, as it rewards size rather than need or economic, social, or environmental outcomes.

The second pillar is rural development, financed by the European Agricultural Fund for Rural Development and co-financed from national budgets. Here, funds are allocated to investments in farms, modernization, support for young farmers, agri-environmental programs, payments for areas with unfavorable farming conditions, and local development. This pillar is more flexible and better tailored to specific objectives, but it is also smaller in scope.

Added to this are two layers that define the character of today's CAP. The first consists of market instruments – that is, interventions designed to stabilize markets during crises: intervention buying, storage subsidies, and the agricultural reserve activated in the event of serious disruptions. In practice, these already play a marginal role in most agricultural markets today, as the EU has moved away from actively managing prices. The second layer is cross-compliance, which links subsidy payments to adherence to environmental, climate, animal welfare, and food safety standards. A farmer who wishes to receive subsidies must meet specific requirements, and since the 2023 reform, a portion of the payments has also been linked to voluntary eco-schemes.

¹² European Parliament, EU Agriculture Policy in Numbers (infographic), updated October 2025: The CAP budget for 2021–2027 is 387 billion euros, which accounts for approximately one-quarter of EU spending in 2023. Available at: <https://www.europarl.europa.eu/topics/en/article/20211118STO17609/eu-agriculture-policy-in-numbers-infographics>

The reform, which took effect in 2023, changed the way the entire policy is managed. Instead of uniform rules from Brussels, each member state now prepares its own CAP Strategic Plan. The Commission approves the plan and holds member states accountable for the results. Still, it is the member states that decide how to allocate resources: how much to allocate to basic income support, how much to redistributive payments for smaller farms, how much to eco-schemes, being the voluntary practices beneficial to the climate, the environment, and animal welfare, for which farmers receive additional payments, and how much to investments. This model, known as the implementation model, gives countries greater flexibility but also shifts the responsibility for results onto them¹³.

One key relationship is essential to understanding the entire report. Under the Common Agricultural Policy, a substantial share of income support is linked to eligible agricultural hectares, subject to eligibility, conditionality, redistributive mechanisms and other scheme-specific requirements. Larger eligible areas may therefore result in higher gross payments, but farm size alone does not determine the final level of support. It is precisely this mechanism that allows large-scale operators to capture subsidies, making it the core risk analyzed in Chapter 6. Therefore, the question of what will happen to this policy when Ukraine joins the EU is not a technical one. Under the pre-2027 CAP, the answer depended directly on hectares: more land meant more payments, and Ukraine's scale made the arithmetic alarming. Under the post-2027 architecture proposed by the Commission, allocations will be negotiated through national plans rather than derived automatically from land area, and payment ceilings will limit transfers to the largest farms. The political question has shifted accordingly: it is no longer simply how much land Ukraine has, but how national plans are designed, how payment limits are enforced, and who among Ukraine's highly heterogeneous producer population will actually receive support.



13 Rozporządzenie Parlamentu Europejskiego i Rady (UE) 2021/2115 z dnia 2 grudnia 2021 r. ustanawiające przepisy dotyczące wsparcia planów strategicznych sporządzanych przez państwa członkowskie w ramach WPR; obowiązuje od 1 stycznia 2023 r. Dostępne pod adresem: <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:32021R2115>

4. HOW THE COMMON AGRICULTURAL POLICY WORKS IN POLAND

For Polish agriculture, EU membership and its inclusion in the Common Agricultural Policy represented a fundamental change. To understand the scale of this change, we must go back to the year preceding accession. In 2003, the average disposable income per person in a Polish farming household was just 69 percent of that in a wage-earning household (i.e., one relying on paid employment), a difference of nearly one-third. As many as 84 percent of farms had less than 10 hectares, while in the EU-15 this percentage was just under 69 percent. At that time, approximately 2.3 million people worked in agriculture on a full-time equivalent basis, and the value added per worker was six times lower than in the EU-15. The Polish countryside was thus overpopulated, fragmented, underinvested, and poor¹⁴.

What Did Poland Negotiate When It Joined the EU?

Accession did not automatically align with the rest of the Union. Poland, like any acceding country, had to adopt the entire body of Community law, but it negotiated several transition periods that mitigated the adjustment shock. This experience is directly relevant today, as it illustrates the tools the EU uses when admitting a new, major agricultural producer. We will return to these mechanisms in the section on Ukraine's accession, but it is worth briefly reviewing them here.

The most important issue was that of direct payments. Polish farmers did not immediately receive the full rates applicable in the old EU. Between 2004 and 2007, the subsidies amounted to 25, 30, 35, and 40 percent of the EU level, respectively, with a 5-point increase per year until full alignment was achieved. However, Poland obtained permission to reallocate part of its rural development funds to increase these subsidies, bringing their total level to 55 percent in 2004, 60 percent in 2005, and 65 percent in 2006. The mechanism of gradually reaching full rates – known as “phasing in” – is today one of the main reasons why estimates of the costs of bringing Ukraine into the CAP vary so widely¹⁵.

The second sensitive issue was land. There were fears of a massive land buyout by foreign capital, which is why a seven-year transition period was introduced for the acquisition of agricultural land by foreigners. The assumption was that, over the course of seven years, the purchasing power of Polish farmers would increase enough to make the threat disappear. In addition, there were numerous sector-specific transition periods: three years for milk, meat, and fish processing plants to comply with sanitary standards; transition periods in the milk, meat,

14 W. Czubak, S. Kalinowski, V. Krupin, *Podzielone plony*. Analysis of the Potential Consequences of Ukraine's EU Membership for Polish Agriculture and the Agri-Food Processing Sector, Stefan Batory Foundation, Warsaw 2025 (chapter on the state of Polish agriculture prior to accession). PDF available at: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

15 *Podzielone plony*, 2025 (chapter on the safeguard measures applied upon Poland's accession: gradual phasing in of subsidies at 25–30–35–40%, the option to supplement these with funds from the second pillar up to 55–60–65%, a seven-year transition period for land transfers, and sector-specific periods). PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

sugar, and tobacco sectors; five years to establish producer organizations, periods to bring poultry farms into compliance with laying hen welfare standards, and ten years to grow only potato varieties resistant to potato cancer. Poland was the only country to obtain permission to temporarily sell dairy products on the domestic market that did not meet the highest EU standards. The sum of these concessions gave Polish agriculture the time it needed.

One further element of context is essential for interpreting this precedent correctly. Poland's accession in 2004 took place against the background of an expanding EU budget. The 2000–2006 and 2007–2013 financial frameworks provided for increases in overall EU expenditure that accommodated the new member states without requiring equivalent reductions for existing ones. CAP appropriations grew in absolute terms across successive frameworks, which meant that phasing-in arrangements for new members did not require other beneficiaries to accept nominal cuts. The current situation differs substantially. The post-2027 MFF is being negotiated under significant budgetary pressure from competing priorities including defense, competitiveness and climate, and the Commission's July 2025 proposal represents a nominal reduction in the protected agricultural income support envelope compared to the current framework. Ukraine's prospective accession therefore cannot be assumed to follow the same financial logic as Poland's: the question is not only what transition arrangements will apply to Ukraine, but whether the overall budget framework will accommodate enlargement through expansion or require adjustment within a constrained envelope. This distinction is central to understanding why the current debate differs from 2004 and why the Montenegro template, discussed in Section 5, may be a more relevant guide than the Polish precedent alone.

How much money is there, and how is it divided?

The financial impact was enormous. By the end of the first decade of membership (that is, by 2014) Polish farmers had received approximately 17 billion euros under the first pillar of the CAP and roughly 16 billion euros under the rural development pillar, for a total of over 30 billion euros¹⁶. In the years that followed, this trend continued. Currently, Poland is implementing the CAP Strategic Plan for 2023–2027, worth approximately 25 billion euros, of which over 17 billion euros have been allocated to direct payments and approximately 4.7 billion euros to rural development from the EU budget. In doing so, the Polish government shifted 30 percent of the funds from the second pillar to the first, recognizing that direct payments are the most effective way to improve incomes¹⁷. In 2023 alone, Poland received approximately 5.1 billion euros from agricultural funds, making it the fifth-largest recipient in the European Union, after France, Spain, Germany, and Italy¹⁸.

¹⁶ European Commission, Directorate-General for Agriculture and Rural Development, data summarizing the first decade of Poland's EU membership under the CAP (amounts of first- and second-pillar funds paid to Poland through 2014). See also Podzielone plony, 2025: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

¹⁷ European Commission, At a Glance: Poland's CAP Strategic Plan 2023–2027 (approved on August 31, 2022; total budget of approximately 25 billion euros, including 17.3 billion euros in direct payments and 4.7 billion euros for rural development; 30% of funds transferred from Pillar II to Pillar I). Access: https://agriculture.ec.europa.eu/system/files/2024-01/csp-at-a-glance-poland_en.pdf

¹⁸ European Parliament, EU Agriculture Policy in Numbers (2023 data: Poland is the fifth-largest beneficiary of the CAP, with 5.1 billion euros, after France, Spain, Germany, and Italy). Available at: <https://www.europarl.europa.eu/topics/en/article/2021118STO17609/eu-agriculture-policy-in-numbers-infographics>

The way this money is distributed in Poland is deliberately weighted toward small and medium-sized farms. Basic income support amounts to approximately 8 billion euros for the entire programming period, nearly half of the direct payments allocation, at a rate of around 118 euros per hectare. Approximately 2 billion euros have been allocated to the redistributive payment. Under this scheme, farms up to 300 hectares in size receive additional support – about 40 euros for each of the first 30 hectares – but farms with an area of up to 30 hectares receive the most per hectare. One-quarter of the direct payment allocation has been allocated to eco-schemes, and approximately 15 percent—or roughly 2.6 billion euros—to production-linked support, directed toward vulnerable sectors such as livestock farming, protein crops, sugar beets, and soft fruits. Poland does not apply a mandatory cap on the maximum amount of subsidies paid to a single farm¹⁹. The evidence on what direct payments actually deliver for farm income, productivity and competitiveness is mixed. Direct payments demonstrably stabilize farm incomes and reduce exposure to market volatility, and they have supported the survival of smaller farms that would otherwise exit the market. However, research consistently finds limited effects on productivity and competitiveness: payments tend to be capitalized into land values and lease rates rather than invested in modernization, and they create few incentives for structural adjustment. For Ukraine, where the commercial sector is dominated by large, export-oriented enterprises that already operate at scale without EU support, the income-stabilization rationale is weaker, and the risk of capitalization into lease rates is particularly relevant. This reinforces the case made elsewhere in this report for weighting Ukraine's CAP integration toward investment and rural development instruments rather than area-based income transfers.

What Has the CAP Actually Changed, and Why Does It Raise Emotions?

Twenty years of EU investment have transformed the Polish countryside. Subsidies have become a permanent component of agricultural income, and investment funds have financed farm modernization, the construction of storage facilities, the purchase of machinery, and the development of the food processing industry. It was precisely during the CAP funding period that Poland built a powerful, competitive agri-food processing sector, which today is the driving force behind exports. The structure of farms is slowly changing, with an increase in the number of larger farms, although fragmentation remains a characteristic feature of Polish agriculture. In 2023, approximately 1.2 million farms were operating in Poland—roughly one in seven in the EU—most of which were family-run and covered an area of a dozen or so hectares²⁰.

From the public's perspective, however, there is another side to the CAP. Studies show that for most of the period of membership, EU funds—rather than the national budget—were the main source of support for agriculture. From 2011 to 2016, EU funds accounted for nearly half of Poland's agricultural budget. Since 2017, however, a slow renationalization has been evident—that is, an increase in the share of national funds—as the real volume of EU funds has begun to

¹⁹ European Commission, At a Glance: Poland's CAP Strategic Plan (structure of the national allocation, including approximately 8 billion euros for basic income support, 2 billion euros for redistributive payments, 25% for eco-schemes, and approximately 15% for production-linked support). Available at: https://agriculture.ec.europa.eu/system/files/2024-01/csp-at-a-glance-poland_en.pdf

²⁰ Eurostat, Farms and Farmland in the European Union – Statistics (2023 data: 8.8 million farms in the EU, 1.2 million in Poland, or 14% of all farms in the EU; EU agricultural land area: 156 million ha; average farm size in the EU: 17.8 ha). Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Farms_and_farmland_in_the_European_Union_-_statistics

decline. This is an important signal for the future: if the EU budget for agriculture continues to shrink, we will need to seek ways to support farmers using national funds²¹.

Finally, there is the political issue. Agriculture in Poland generates emotions that are disproportionate to its share of the economy, which stands at about 2.6 percent of gross domestic product. The rural population is a significant voting bloc, and direct payments are viewed as an acquired right. Any announcement of changes to CAP rules or budget cuts is met with an immediate negative reaction. The protests of 2023 and 2024, including the months-long blockades of border crossings with Ukraine, demonstrated how quickly an agricultural issue can escalate into a political crisis. This context must be kept in mind when discussing Ukraine's accession.



21 A. Czyżewski et al., "Domestic and European Union Funds in Poland's Agricultural Budget, 2004–2025: Interrelationships and Interdependencies, *Agriculture* 16/2025 (2026), No. 939, an analysis showing that EU funds accounted for nearly half of Poland's agricultural budget in 2011–2016 and that renationalization has been progressing since 2017. Available at: <https://doi.org/10.3390/agriculture16090939>

5. THE COMMON AGRICULTURAL POLICY IN SUBSEQUENT MULTIANNUAL FINANCIAL FRAMEWORKS

The debate over Ukraine's accession is not taking place in a vacuum. It coincides with the most significant reform of the EU budget and the Common Agricultural Policy in years. This is a coincidence of immense significance, because the decisions made in the coming years will determine the financial framework under which Ukraine might eventually join the CAP. The debate on the next European Union Multiannual Financial Framework (MFF) for the period after 2027 is increasingly moving beyond the traditional discussion of agricultural spending and into a broader debate on the future architecture of EU policies and budget allocation. Alongside growing expenditure pressures related to competitiveness, defence, industrial transformation, climate objectives and strategic resilience, the future of the Common Agricultural Policy (CAP) is also being reconsidered in the context of future EU enlargement. In this regard, Ukraine's prospective accession has emerged as an additional factor shaping discussions on the future design and financing of the CAP rather than solely an issue of bilateral agricultural relations between Ukraine and individual member states.

The Commission's proposal from July 2025

On July 16, 2025, the European Commission presented a proposal for the multi-annual financial framework for 2028–2034. Its scale is impressive: nearly 2 trillion euros at current prices, or about 1.26 percent of the Union's gross national income. Commissioner Piotr Serafin was responsible for preparing the budget, and the proposal was accompanied by an equally high-profile agricultural reform spearheaded by Agriculture Commissioner Christophe Hansen²².

The most significant change is structural. The Commission proposes to abolish the two-pillar structure of the CAP, which has been in place since 1999, and to merge the agricultural funds, the cohesion funds, and part of the funds for internal affairs into a single large fund implemented through National and Regional Partnership Plans. Instead of nearly 540 programs across various policies—primarily cohesion—the EU would have 27 national plans, one per country. Within the CAP itself, such consolidation has already taken place, as each country has been implementing a single Strategic Plan since 2023; what is new is the merging of agriculture with other policies into a single pool. The total budget for these plans is approximately 865 billion euros. Under this model, agriculture ceases to be a separate policy with its own legally protected budget. It becomes one component of a broader pool, which each country allocates according to its own priorities²³. For the first time since the CAP was founded in 1962, there would be no dedicated agricultural fund.

²² European Commission, "A Dynamic EU Budget for the Priorities of the Future," COM(2025) 570 final, and proposal COM(2025) 571 final, July 16, 2025; a budget of nearly 2 trillion euros, or approximately 1.26% of the EU's GNI. Available at: https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en

²³ European Parliament, EPRS, Regulation on the Common Agricultural Policy for the period 2028–2034 (analysis of the proposal); ARC2020, LEAK: CAP Crumbles... (July 2025) – integration of funds into a single fund for National and Regional Partnership Plans with a total budget of approximately 865 billion euros, replacing nearly 540 programs with 27 national plans and one Interreg program. Available at: [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2025\)779241](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2025)779241)

The Commission assures that the level of support for farmers will be maintained. It points to a sum of at least 300 billion euros guaranteed for income support and crisis support. Within this protected envelope, approximately EUR 293.7 billion would be allocated to income support instruments and EUR 6.3 billion to market stabilisation and crisis management. The problem lies in how to calculate it. If we compare the direct payments allocation alone—approximately 294 billion euros—with the previous 270 billion euros in the first pillar, the change appears merely cosmetic. However, if we compare the proposed amount with the total existing funding for agriculture across both pillars—that is, approximately 387 billion euros—the result is a cut of between one-fifth and one-quarter. This is not an accounting dispute, but a dispute over whether the CAP is actually shrinking²⁴.

What else is changing in agricultural policy itself?

The reform goes beyond the budget's structure alone. Income support is to be delivered through a new instrument, the Degressive Area-Based Income Support (DABIS), which would provide payments based on eligible hectares and apply degressivity bands: no reduction for payments up to EUR 20,000; a 35% reduction for the EUR 20,000–50,000 band; a 50% reduction for EUR 50,000–75,000; and a 75% reduction for EUR 75,000–100,000. Payments above EUR 100,000 would not be supported. The current cross-compliance system is to be replaced by a more flexible approach called Farm Stewardship. A new crisis instrument, the so-called Unity Safety Net, is also being introduced, and the agricultural reserve is being maintained in case of market disruptions²⁵.

It is worth noting that While the EUR 100,000 ceiling builds an approach already discussed in the 2018 CAP reform proposal (COM/2018/392), but the current proposal differs in its design by. It introduced explicit degressivity bands from EUR 20,000 to EUR 100,000, whereas the 2018 proposal did not result in a mandatory EU-wide cap. Accordingly, Tthe proposed mechanism should therefore not be described as being carried forward unchanged,, and its eventual application to Ukraine will depend on the final post-2027 CAP framework and the terms of accession.

The proposal was met with sharp criticism from agricultural circles. Copa-Cogeca, which represents farmers and cooperatives, accused the Commission of dismantling the CAP's Community nature and of making hidden budget cuts under the guise of simplification. Organizations representing young farmers and smaller farms also opposed the proposal. At the Agriculture Council meeting in May 2025, ministers—including Polish Minister Czesław Siekierski—emphasized that the CAP needs an adequate and separate budget based on two pillars²⁶. The debate over whether agriculture will retain its own budget allocation is one of the main issues in European politics today.

24 USDA FAS, European Commission Unveils CAP Reform with Budget Cuts and Structural Changes, GAIN Report E42025-0004, August 2025. (ringfencing approximately 294 billion euros for agriculture, compared to 387 billion euros in the current CAP, which experts estimate to be a real cut of 20–30% after accounting for inflation); Euronews, "Ringfenced, but reduced: EU Commission shrinks agriculture share," July 17, 2025. Accessed: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=European+Commission+Unveils+CAP+Reform+with+Bud-get+Cut+and+Structural+Change_Brussels+USEU_European+Union_E42025-0004

25 European Commission, DG AGRI, Questions and Answers on the CAP Post-2027 Proposal, July 23, 2025 (ceiling of 100,000 euros, Farm Stewardship, Unity Safety Net, agricultural reserve, increased support linked to livestock production). Available at: https://agriculture.ec.europa.eu/media/news/questions-and-answers-cap-post-2027-proposal-2025-07-23_en

26 Council of the European Union, Agriculture and Fisheries Council, May 26, 2025 (press release from the meeting in which ministers, including Czesław Siekierski, emphasized the need to maintain an adequate and separate CAP budget based on two pillars). Available at: <https://www.consilium.europa.eu/en/meetings/agrifish/2025/05/26/>

Why is Ukraine's accession part of the debate?

Budget expansion and reform are two sides of the same coin. As early as its March 2024 communication on reforms and policy reviews ahead of enlargement, the Commission announced that the impact of new member states' accession on key policies needed to be analyzed, and in June 2024, the European Council requested in-depth analyses—including an analysis of the CAP—before the budget proposal was presented²⁷. In other words, the EU is deliberately designing the new budget with the possibility in mind that Ukraine may join the EU during its term.

The new model's logic itself facilitates such preparation. National payments based on plans, a cap on the largest farms, stronger degressivity, and a greater role for national decisions are all tools that facilitate the integration of a country with a very large agricultural area and relatively large agri-food enterprises without automatically transferring massive sums to a few agricultural conglomerates. In terms of the increase in agricultural land area, the enlargement to include Ukraine and the Western Balkans is comparable to the Iberian enlargement of the 1980s and the major enlargements of 2004 and 2007, though what sets Ukraine apart is its status as a major exporter of agricultural commodities. More fundamentally, Professor Alan Matthews, one of the most frequently cited CAP analysts, argues that the Commission's MFF proposal has reframed the enlargement debate in a way that few observers have registered: because there is no longer a pre-allocated CAP budget, Ukraine's accession cannot directly reduce the CAP funding available to existing member states. Under the new rules, each country's NRP Plan allocation is determined by population, income and prosperity gap criteria (none of which relate to agricultural area) and a country's decision to allocate more of its NRP budget to CAP above the minimum ring-fenced amount has no impact on the budget available to other member states. The Commission's June 2026 financial package for Montenegro's accession negotiations, prepared under the new MFF structure, provides a first concrete template for how this logic applies to candidate countries, and confirms both a ten-year phasing-in of CAP income support and the principle that accession should not negatively affect pre-allocated envelopes for existing member states²⁸.

Ukraine's own progress in this regard is tangible. In the November 2025 enlargement package, the Commission gave Ukraine its best rating since 2023, and in the competitiveness cluster—which includes agriculture—Ukraine has made significant progress²⁹.

²⁷ European Commission, Communication on pre-enlargement reforms and policy reviews, COM(2024) 146 final, March 20, 2024; European Council conclusions of June 27, 2024, identifying the CAP, cohesion policy, competitiveness, and defense as priority areas for pre-enlargement reviews. Available at: <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:52024DC0146>

²⁸ Z. Darvas et al., "Ukraine's Path to European Union Membership and Its Long-Term Implications," Bruegel Policy Brief 05/2024, March 2024 (comparative scale of the increase in the EU's agricultural area following enlargement to include Ukraine and the Western Balkans); Matthews, A. (2026), "Financing accession for new Member States." CAP Reform, July 8, 2026. <https://capreform.eu/financing-accession-for-new-member-states/>; J. Liboreiro, "Ukraine's accession could cost €136 billion to the EU budget," Euronews, March 7, 2024. Available at: <https://www.bruegel.org/policy-brief/ukraines-path-european-union-membership-and-its-long-term-implications>

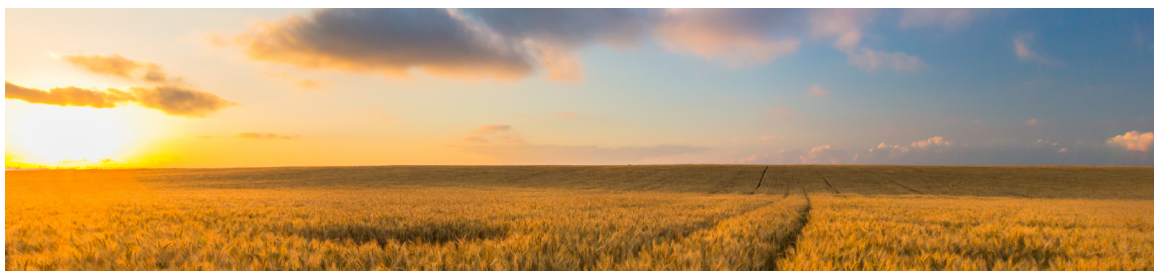
²⁹ European Commission, A Vision for Agriculture and Food: Shaping Together an Attractive Farming and Agri-Food Sector for Future Generations, COM(2025) 75, February 19, 2025; and the 2025 Enlargement Package, November 4, 2025 (Ukraine's highest rating since 2023, progress in 15 chapters, including the competitiveness cluster, which includes agriculture). Access the Vision: https://agriculture.ec.europa.eu/vision-agriculture-and-food/vision-agriculture-food_en

6. ESTIMATES OF POTENTIAL CAP SUPPORT FOR UKRAINE

Existing estimates of the potential cost of integrating Ukraine into the CAP vary significantly depending on methodological assumptions and should therefore be interpreted as scenarios rather than forecasts. Since the future integration model has not yet been defined and current CAP rules are themselves under discussion for reform, available estimates of potential CAP support for Ukraine should be interpreted as scenario-based assessments rather than forecasts. Existing calculations differ substantially depending on assumptions regarding eligible agricultural land, transitional arrangements, payment capping, redistribution mechanisms and the speed of accession. Therefore, the estimated fiscal implications for the EU budget may vary significantly depending on the final design of the future CAP and the conditions under which Ukraine joins the system (Table 2).

The wide range of estimates reflects fundamentally different assumptions about Ukraine's future participation in the CAP. Key variables include the share of land considered eligible, the treatment of large agricultural enterprises, the duration of transition periods, the application of capping and degressivity rules, and the balance between direct payments and rural development support. Krzyżanowski³⁰ builds his estimate from the bottom up: assuming a reference yield of 3 t/ha and the historic EU rate of EUR 66 per tonne, he applies a basic area payment of EUR 198 per hectare across Ukraine's agricultural enterprises — about 36,300 holdings covering some 18.6 million hectares (a wider enterprise base than the 2025 land-use figures used elsewhere in this report, which is why his per-holding average differs) — producing roughly EUR 3.7 billion per year before capping. Applying the proposed EUR 100,000 ceiling could reduce this estimate substantially; however, the actual effect would depend on the detailed implementation rules, including the treatment of related entities, lease arrangements and the identification of the final beneficiaries of support. The estimate of approximately EUR 1.2 billion per year should therefore be interpreted as an illustrative scenario rather than a direct outcome of the ceiling alone.

Estimates of Ukraine's agricultural land area vary by year and by the definition used. The figure of 32.7 million hectares (2025) reflects the area currently under Ukrainian control reported in the sources cited above; earlier studies, including Krzyżanowski (2024), cite approximately 41.3 million hectares for 2019–2021, of which around 22% is estimated to have been excluded from production by occupation, mining and land degradation.



30 Krzyżanowski Julian. Future Direct Payments in Ukraine. European Research Studies Journal. Volume XXVII, Issue S3, 2024. <https://ersj.eu/journal/3661/download/Future+Direct+Payments+in+Ukraine.pdf>

Table 2. Scenario estimates of potential CAP support for Ukraine under alternative accession and payment assumptions

Scenario	Main assumptions	Main driver of estimate	Estimated support – 7-year total	Estimated support – annual equivalent	Implication
Application of current CAP direct payment logic	Application of existing CAP area-based direct payment formulas to Ukrainian agricultural land without transition periods, capping, degressivity or payment adjustments	Maximum eligible area	EUR 70–90 bn	EUR 10–13 bn	Illustrates potential upper-range budget exposure under current allocation logic
Expanded simulation scenario	Broad agricultural land eligibility combined with current CAP allocation principles and without substantial adjustment mechanisms	Broadest interpretation of eligibility	Up to EUR 96.5 bn	Up to EUR 13.8 bn	Represents a theoretical maximum scenario rather than a likely accession outcome
Gradual integration with capping and phasing-in	Transitional accession period (up to 10 years), gradual increase of support levels and application of payment capping mechanisms	Transition periods and payment limits	Approx. EUR 8.4 bn for direct payments after transition	Starts at EUR 300 m in 2030, to EUR 1.2 bn (at full rate, from 2036)	Reduces budget pressure and reflects a more realistic enlargement scenario

Sources: summarised by the authors based on Krzyżanowski Julian. *Future Direct Payments in Ukraine*. *European Research Studies Journal*. Volume XXVII, Issue S3, 2024. <https://ersj.eu/journal/3661/download/Future+Direct+Payments+in+Ukraine.pdf>.

Row 1 (EUR 70–90 bn): Krzyżanowski (2024), citing Michael Emerson. *The Potential Impact of Ukrainian Accession on the EU's Budget – and the Importance of Control Valves*. 2023. International Centre for Defence and Security: (<https://icds.ee/en/the-potential-impact-of-ukrainian-accession-on-the-eus-budget-and-the-importance-of-control-valves/>).

Row 2 (up to EUR 96.5 bn): Krzyżanowski (2024), citing *EU Estimates Ukraine entitled to Euro 186 bln after accession*. 2023. Available online: <https://www.ft.com/content/>

a8834254-b8f9-4385-b043-04c2a7cd54c8. Note: the FT (2023) figure of EUR 186 billion refers to Ukraine's total entitlement across all EU funds (CAP plus cohesion), not CAP alone, and is therefore not directly comparable to the CAP-only estimates above.

Row 3 (EUR 1.2 bn annually): Krzyżanowski (2024) own calculation.

The scenario estimates above, including the authors' own indicative baseline of approximately EUR 1.2 billion annually at the full rate under a phased-in, capped model, were derived using the logic of the current CAP: a per-hectare payment rate applied to eligible land. This approach is no longer fully consistent with the post-2027 framework. Under the NRP model, Ukraine's total EU budget allocation would be determined by a formula set out in the NRP Regulation, based on population, income per capita and regional prosperity gaps, not agricultural area, and Ukraine would then decide how much of that allocation to direct toward agriculture, subject to a minimum ring-fenced CAP amount. A more consistent approach would be to estimate Ukraine's expected NRP allocation under that formula and apply Ukraine's own agricultural budget priorities to that figure. Ukraine's 2025 state budget allocated approximately UAH 6 billion to agricultural support out of total expenditures of approximately UAH 4.65 trillion, a share of roughly 0.15%. However, this figure is heavily distorted by wartime conditions, with defense and security absorbing close to 40% of total expenditure; it cannot be treated as a reliable indicator of post-war agricultural budget priorities. Ukraine's NRP allocation under this formula is not yet calculable, as it has not been applied to candidate countries. The Commission's June 2026 financial package for Montenegro provides the first concrete template, but Ukraine's package will involve substantially different elements, including post-war reconstruction needs. The figures cited in this report should therefore be read as preliminary scenario estimates based on pre-2027 CAP logic, which likely overstate the land-area effect and understate the role of negotiated national allocations in determining the actual level of agricultural support Ukraine would receive. Once both capping and phasing-in are applied under the pre-2027 logic, the realistic level of support falls to roughly two-thirds below the uncapped headline figures. The headline figures of EUR 70–96.5 billion cited in the literature represent potential EU budget exposure under scenarios that assume neither transitional periods nor payment limits; they should not be interpreted as forecasts of support that Ukrainian producers would actually receive.

Importantly, these estimates are driven primarily by assumptions regarding eligible agricultural land and the application of area-based direct payment formulas, that is, by the logic of the current CAP allocation rules. As discussed above, this logic is likely to be superseded under the post-2027 NRP framework, where Ukraine's agricultural support allocation would depend on a negotiated national budget plan rather than on land area alone. Most simulations do not fully account for eligibility requirements, administrative readiness, conditionality rules, redistribution mechanisms, participation rates or future reforms of the CAP architecture. As a result, headline figures should be interpreted as indicative estimates of potential budget exposure under current allocation rules rather than expected levels of actual support³¹.

Moreover, most available estimates focus on potential budget exposure rather than actual absorption capacity. In practice, realised support levels would depend on producer participation, administrative readiness and the speed of implementation. A post-2027 estimate for Ukraine is therefore not yet calculable

³¹ <https://en.euractiv.eu/content/uploads/sites/2/special-report/How-the-Ukraine-war-is-re-shaping-the-CAP-1.pdf>

with precision. The total amount set aside for CAP income support in 2028–2034 is approximately 24% lower in nominal terms than the equivalent allocation in 2021–2027. If the payment rate per hectare is calculated by dividing this smaller budget by the eligible area, including Ukraine's large land base after accession, the result would be a lower rate than that currently received by EU farmers. This means Ukraine would be joining a CAP with a contracting budget, which makes the lower, transition-adjusted figures in Table 1 a more realistic planning baseline than the headline maximum scenarios. A post-2027 estimate for Ukraine is not yet calculable with precision, as payment rates and definitions of eligible hectares remain subject to ongoing negotiations.

This explains why Ukraine's accession increasingly becomes part of the broader EU budget debate. The challenge is not limited to mobilising additional resources; it also concerns how future CAP instruments should function in a larger and more diverse Union. Enlargement may reinforce ongoing discussions about balancing direct income support with investment instruments, strengthening targeting and conditionality, increasing the role of environmental performance and reducing concentration of payments through capping and redistribution mechanisms³².

The scale of Ukraine's agricultural sector suggests that future integration is more likely to rely on transitional arrangements, targeted support instruments and gradual implementation rather than automatic application of existing CAP rules. As a result, discussions on Ukraine's accession may accelerate broader CAP reforms aimed at balancing farm support, competitiveness and fiscal sustainability in an enlarged European Union.



³² <https://capreform.eu/future-enlargement-and-its-impact-on-the-cap-budget/>

6.1. THE CONSEQUENCES OF UKRAINE'S ACCESSION FOR POLAND

To assess these consequences, we must first look at the numbers objectively. Ukraine and Poland have similar levels of agricultural output. Before the full-scale war (in 2020), this figure stood at approximately 27.4 billion euros in Ukraine, compared to 25.9 billion euros in Poland. The difference lies in how this output is generated. Ukraine achieved this output across over 41 million hectares of utilized agricultural area, while Poland did so across just under 15 million hectares. Ukrainian agriculture is highly heterogeneous rather than uniformly large-scale: it ranges from over 3.85 million farming households averaging around 3 hectares (smaller than the average Polish farm) to corporate farms and agrohholdings controlling up to 600,000 hectares each and accounting for 57% of total agricultural output. It is this latter cohort, focused on export-oriented monocultures of grains, oilseeds and corn, that gives Ukrainian agriculture its large-scale character in European debate, not the sector as a whole. Polish agriculture is fragmented, intensive, and increasingly oriented toward processing. This is most clearly evident in processed food exports: in 2020, Ukraine exported processed food products worth just under 3 billion euros, while Poland exported over 18 billion euros. This is not a minor detail; it is the key to the entire assessment³³.

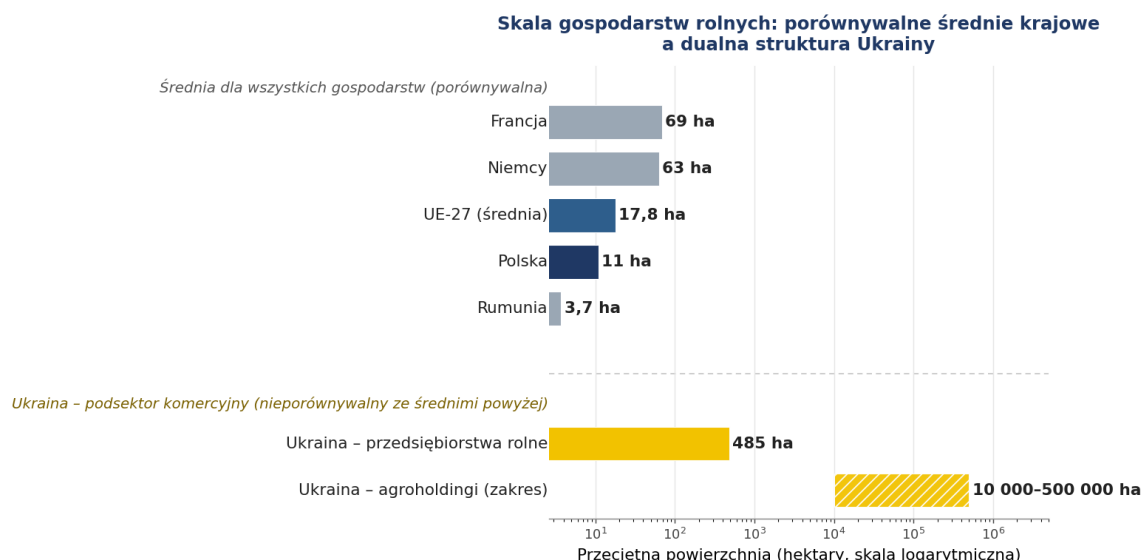
Two Different Types of Agriculture, Not Just One Larger One

The structures of both sectors are almost mirror images of each other. Ukraine is characterized by dualism. On the one hand, over 3.85 million farming households operate largely outside formal agricultural structures: they are not registered as agricultural enterprises, do not submit agricultural statistical reports, and their social security status varies — individual entrepreneurs among them pay pension fund contributions or may be exempted, while most household producers outside the individual entrepreneur category fall outside standard employment-based social protection. Together, this cohort accounts for approximately 30% of gross agricultural output, predominantly in labor-intensive sectors such as vegetables, fruit, potatoes and livestock. On the other hand, there are a handful of giants. Commercial market production is mainly generated by agricultural enterprises — commercial companies, private enterprises, cooperatives and individual farms. According to Ukrstat's land-use data, approximately 30,200 enterprises had agricultural land in ownership or use in 2025. A narrower estimate based on economic activity rather than land registration puts the number of enterprises actually conducting business at approximately 20,000, with around 30,000 registered enterprises not actively operating. The total number of active economic entities in agriculture, forestry, and fisheries stood at approximately 58,700 in 2024. Among them were also slightly more than 100 agricultural holdings, each of which farms an area ranging from 10,000 to 500,000 hectares. The ten largest companies currently (2026) cultivate nearly 2.4 million hectares, which is less than before the war, due to losses in the regions occupied by Russia. Across the roughly 30,200 enterprises holding agricultural

³³ Podzielone plony, 2025 (Comparison of production and exports in 2020: agricultural production valued at 27.4 billion euros in Ukraine versus 25.9 billion euros in Poland; processed food exports totaling nearly 3 billion euros in Ukraine versus over 18 billion euros in Poland). PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

land in 2025, the average area is approximately 600 hectares³⁴. Polish agriculture, in turn, consists of a large number of family farms averaging at 11 ha of utilised agricultural area – comparable in scale to Ukraine's household and individual farmer cohort, but structurally different in its orientation toward processing and higher value-added production.

Figure 1. Farm Size: Comparable National Averages and Ukraine's Dual Structure



Sources: Eurostat (*Farms and Farmland in the European Union, 2023*); Split Yields (Czubak et al., 2025); Latifundist (2026). Methodological note: The averages for Poland, the EU-27, France, Germany, and Romania include all agricultural holdings and are mutually comparable. The bars for Ukraine refer exclusively to the commercial subsector (agricultural enterprises and agroholdings) and are not comparable to the averages above. At the same time, Ukraine has over 3.85 million farming households; including them would yield an arithmetic mean in the range of 7 to 8.5 hectares depending on the land base and producer count used, but that figure averages across a bimodal distribution and is not comparable to the averages above, which cover registered agricultural holdings. Much of this household sector operates well below one hectare and would fall under the minimum-area thresholds discussed in Section 6.2. The ten largest holdings farm approximately 2.4 million hectares.

This contrast leads to the most important conclusion of this section. With Ukraine's accession, the EU does not simply gain a second, larger "Polish" agricultural

34 Podzielone plony, 2025; Data updated based on Derzhstat (as of January 1, 2024) and Latifundist (2026): over 3.85 million small individual farms; approx. 50,000 registered farming enterprises (legal entities), of which approx. 20,000 are statistically (economically) active, while the remaining approx. 30,000 do not actually conduct business; approx. 58,700 active business entities in agriculture, forestry, and fisheries in 2024; slightly over 100 agricultural holdings ranging in size from 10,000 to 500,000 ha; the 10 largest companies covering approximately 2.4 million ha (a decrease from 2.85 million ha due to losses in regions occupied by Russia). Sources of figures: State Statistics Service of Ukraine, open data set on the number of active business entities by type of activity (ukrstat.gov.ua, data for 2015–2024, updated November 3, 2025); Unified State Register of Enterprises and Organizations of Ukraine, EDRPOU (50,355 farms as of April 1, 2024); German-Ukrainian Agricultural Policy Project (APD), agricultural policy report APD/APB/05/2025 (approx. 20,000 economically active farms in 2024, farming approx. 4.5 million hectares). The number of inactive farms (approx. 30,000) is our own calculation, derived as the difference between the number of registered and active farms. PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

sector. It gains a sector with a completely different profile, partly complementary to the Polish sector and partly in competition with it. Ukraine is a powerhouse of raw materials: the world's leading producer of sunflowers, accounting for over 30 percent of global production; a leading exporter of sunflower oil and meal; and a key exporter of corn, barley, rapeseed, and wheat³⁵. Poland, on the other hand, is a powerhouse in processed products. This distinction marks a dividing line along which both threats and opportunities lie.

Specific Risks and Changes in the Agricultural Model

The first and most frequently cited risk is price pressure in the raw materials market, which in practice means pressure on the current, fragmented model of Polish agriculture. This risk does not arise from Ukrainian agriculture as a whole, nor from its small- and family-farming sector, which, in many respects, is structurally similar to Polish agriculture and equally exposed to competitive pressure from large-scale producers. The relationship between the two poles of Ukrainian agriculture is therefore not one of complementary diversity but of pressure exerted by the larger on the smaller. This report distinguishes between them precisely because the agroholding sector is not representative of Ukrainian agriculture as a whole. The source of the concern is specifically the model of large-scale agroholdings focused on export-oriented monocultures of grains, corn, rapeseed, and sunflowers, whose cheaper raw materials could, in principle, drive down prices on the European market, and thus the incomes of Polish crop producers. However, the empirical evidence for this effect is limited: analyses of the 2022–2024 period of increased Ukrainian imports under autonomous trade measures have not so far demonstrated a statistically significant impact on domestic prices in Poland. From a structural perspective, the mechanism is also debated: if Ukrainian accession redirects rather than increases global agricultural supply, the effect on world and therefore domestic prices may be limited. The price-pressure risk should therefore be treated as a concern requiring further empirical investigation. The experience from 2022 and 2023 is instructive but not conclusive in this regard. After the EU market opened in 2022, Poland imported around 600 million euros worth of grain from Ukraine, which accounted for over 52 percent of Poland's total grain imports³⁶. This influx, combined with logistical problems, triggered the crisis and the border blockades. Whether it actually depressed farm-gate prices for Polish producers remains empirically unresolved. At the same time, the import of cheaper Ukrainian grain generated benefits for Polish processors and livestock producers who sourced it as an input, reducing their costs and supporting competitiveness. The net economic effect on Poland of the 2022–2024 import surge was therefore mixed and sector-dependent rather than uniformly negative. What is less contested is that the link to accession lies not in market access itself, which Ukrainian producers already enjoy, but in what accession would add to it. CAP direct payments are area-based, so under rules without effective capping the largest share would accrue to the producers already operating at the lowest unit cost and the largest scale. Public support would then reinforce an existing cost advantage rather than offset it, increasing

35 Podzielone plony, 2025 (Ukraine's performance in the production and export of agricultural commodities based on data from the USDA Foreign Agricultural Service and the Ministry of Agricultural Policy and Food of Ukraine). PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

36 Podzielone plony, 2025 (quoting data from the Central Statistical Office (GUS) showing that Poland's grain imports from Ukraine in 2022 totaled 2.8 billion PLN (approximately 600 million euros, converted at the 2022 average NBP exchange rate of about 4.69 PLN per euro), accounting for over 52% of Poland's total grain imports that year). PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

the market power of the largest operators in the same commodity segments where Polish arable farms compete. Whether this materialises depends on the future CAP design, in particular eligibility, capping, degressivity, the treatment of related entities and transition arrangements, which is why those parameters, and not market access, are the relevant object of negotiation.

The second risk concerns the Common Agricultural Policy itself and is more pronounced than price pressure. Under the pre-2027 CAP, where payments were derived directly from agricultural land area, the arithmetic was stark: if Ukraine were to join under those per-hectare calculation rules, it would become the largest single recipient of subsidies, and Poland's current allocations would face significant dilution. The precedent set by Romania and Bulgaria's accession shows that, without reforms, payments go primarily to the largest entities, thereby exacerbating inequalities. The Romanian and Bulgarian precedent is invoked here for its distributional lesson within the acceding country, namely that in the absence of anti-concentration instruments the bulk of payments accrued to the largest operators, not as a claim about price effects on producers in other member states³⁷. The Bruegel think tank estimated that CAP payments to Ukraine could total approximately 85 billion euros over seven years under those rules, as part of a total transfer of 136 billion euros. An earlier European Council document, reported by the Financial Times in October 2023, even cited a total cost of 186 billion euros across all EU funds³⁸. However, as discussed in Section 5, the post-2027 NRP framework changes this logic fundamentally. Under the new rules, Ukraine's EU budget allocation would be determined by population, income and prosperity gap criteria rather than by land area, and accession would not directly reduce the funds pre-allocated to existing member states. The risk for Poland therefore lies less in the automatic dilution of a shared CAP pot and more in two other mechanisms: the indirect pressure on the overall MFF size that arises from Ukraine becoming a net EU budget beneficiary, and the design of transition periods, payment caps and eligibility rules that will be negotiated as part of the accession package. It is these negotiated parameters, not land area alone, that will determine the actual budgetary consequences for Poland.

The third risk is structural and competitive, but it applies unevenly across Polish agriculture rather than to the sector as a whole. Polish livestock producers and food processors are relatively well positioned: they can source cheaper Ukrainian grains and oilseeds as inputs, which may reduce their costs and strengthen their competitiveness. The vulnerable segment is specifically Polish arable farms engaged in standard commodity crop production (cereals, oilseeds, corn) where

37 C. Hubbard, L. Luca, M. Luca, C. Alexandri, *Romanian Agriculture since EU Accession: Has membership made a difference?* 142. EAAE Seminar „Growing Success? Agriculture and Rural Development in an Enlarged EU”, Budapest, 29–30 May 2014. European Association of Agricultural Economists. <https://doi.org/10.22004/ag.econ.169794>; H. Bachev, *Governance of Bulgarian Farming*, MPRA Paper No. 7818, University Library of Munich, Germany, 2008, <https://mpra.ub.uni-muenchen.de/7818>. Using Romania and Bulgaria as examples, both studies show that without pre-accession reforms, public support goes primarily to large agricultural enterprises, while small-scale farms benefit from it only to a limited extent.

38 Darvas i in., *Ukraine's path to European Union membership and its long-term implications*, Bruegel Policy Brief 05/2024 (estimates: approx. 85 billion euros for the CAP, 32 billion euros for cohesion policy, for a total of approx. 136 billion euros net over the 7-year period 2021–2027). An earlier EU Council document described by the Financial Times in October 2023 estimated the cost at 186 billion euros. These are static projections based on the 2021–2027 funding rules (net cost); it may take up to ten years to reach the full amounts, as the mechanism for gradually phasing in the full rates flattens the disbursement curve; therefore, these figures should not be treated as forecasts. Access the Bruegel report: <https://www.bruegel.org/policy-brief/ukraines-path-european-union-membership-and-its-long-term-implications>

Ukrainian large-scale producers have a structural cost advantage due to scale, soil quality and, under accession, potential access to CAP support. These farms, typically small and family-run, lack the scale to match Ukrainian unit costs in bulk commodity markets and are unlikely to find protection in processing or niche production without active policy support. If CAP reform simultaneously weakens redistributive payments and support mechanisms for smaller farms and the market opens up further to Ukrainian raw materials, this segment in Polish agriculture may suffer. The risk, therefore, is not about Polish agriculture as a whole, but about the viability of small commodity crop producers specifically, and by extension the rural social structure in regions where such farms predominate. The experience of Romanian and Bulgarian accession provides a potential reference point for assessing this risk, though the structural differences between those sectors and Ukraine's export-oriented large-scale producers limit the comparability of that precedent.

The fourth risk—one that has so far been underrepresented in the debate—relates to ownership concentration and the financialization of agricultural capital. Its mechanism differs from the way the issue is usually framed in public debate. According to the Oakland Institute, all but one of the ten largest landholding firms in Ukraine are registered overseas, mainly in tax havens such as Cyprus and Luxembourg. Because those are EU jurisdictions, the firms concerned already hold the legal right to acquire assets in Poland and elsewhere in the Union, and accession would not create that right. What accession would affect is the depth and reach of the model itself. The same source records that the European Bank for Reconstruction and Development, the European Investment Bank and the International Finance Corporation together lent close to USD 1.7 billion to just six of Ukraine's largest landholding firms, so the structure is underwritten in part by public development finance. Under Ukrainian law, foreign-owned companies are prohibited from purchasing agricultural land; control is instead exercised through lease arrangements and holding structures. This model, in which internationally backed capital operates large shares of land without owning it, is likely to deepen as accession progresses and Ukraine's land market continues to liberalize. This matters for Poland and other member states not because Ukrainian landowners will purchase Polish farms directly, but because the same financialized, export commodity-oriented production model that currently generates competitive pressure on European commodity markets would be further entrenched and potentially expanded. Monitoring land ownership concentration and the structure of agricultural capital, both in Ukraine and across the single market, should therefore become a standard feature of agricultural policy.

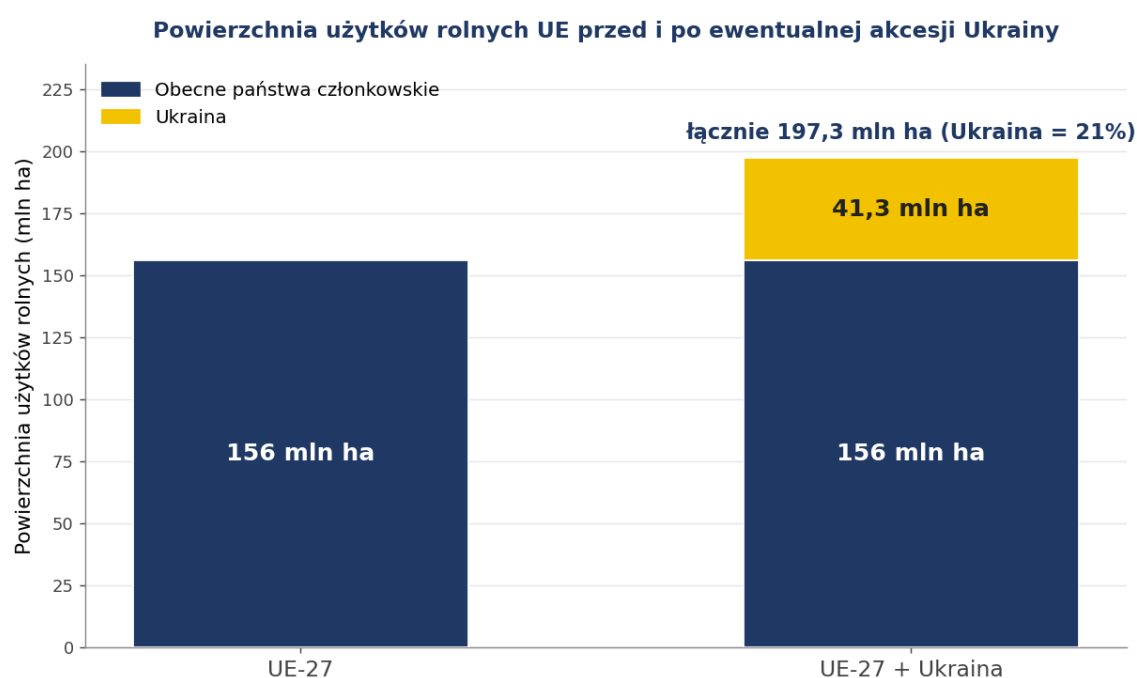
An attempt at a calculation: What exactly is Poland losing?

All of the above risks can be described in words. It is much more difficult to express them in numbers, and without numbers, the debate over Ukraine's accession quickly shifts from a substantive one to a political one. That is why, in this section, we present calculations that compare data from Eurostat, the Ukrainian statistical office, the European Commission, and the Bruegel think tank. The results are not a forecast, but rather an answer to the question of what would happen if one scenario or another were actually to come to pass. The assumptions underlying each scenario are described.

The first observation concerns the sheer scale. Before the full-scale invasion of 2022, Ukraine's agricultural area amounted to 41.3 million hectares (2020), larger than the utilised agricultural area of any single EU member state: more than France's 27.4 million hectares, the largest in the Union, though still below the combined area of France and Spain (51.3 million hectares). A significant part

of this area is currently beyond Kyiv's control, since almost a fifth of Ukraine's agricultural land is under Russian occupation and the country now farms an estimated 26.5 million hectares of arable land, against 32.7 million before 2022; the figures used here therefore describe Ukraine's pre-invasion potential, before occupation and mining reduced the area available for cultivation, the relevant basis for an accession scenario that presupposes territorial reintegration, rather than the area presently in production. The entire European Union currently farms 156 million hectares. The inclusion of Ukraine would increase this area by one-quarter, to approximately 197 million hectares³⁹. Ukraine would immediately become the bloc's largest agricultural nation, accounting for more than 20 percent of the EU's agricultural land. Poland, currently the second-largest in this regard within the EU-27, would see its share of the EU's total agricultural land drop from 9.4 percent to 7.4 percent.

Figure 2. Agricultural land area in the EU before and after Ukraine's potential accession

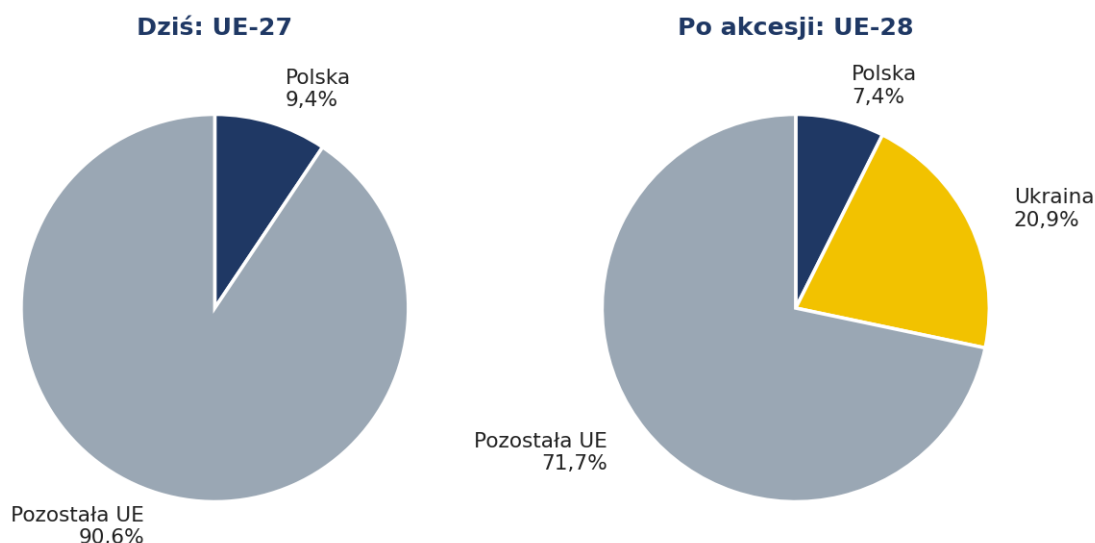


Sources: Eurostat (2023), State Statistics Service of Ukraine (data for 2020–2022). WEI's own calculations.

³⁹ European Parliament, EPRS, Ukrainian Agriculture: From Russian Invasion to EU Integration, Briefing 760432, April 2024. (Ukraine's UAA was 41.3 million ha in 2020, of which 32.7 million ha was arable land, compared to 27.4 million ha in France and 23.9 million ha in Spain); Eurostat, Farms and Farmland 2023 (UAA of the EU-27: 156 million ha). The same briefing records that, as a result of the war, Ukraine currently controls an estimated 26.5 million ha of arable land, down from 32.7 million before 2022, with almost a fifth of its agricultural land under occupation. Access the EPRS briefing: [https://www.europa.eu/thinktank/en/document/EPRS_BRI\(2024\)760432](https://www.europa.eu/thinktank/en/document/EPRS_BRI(2024)760432)

The Impact of Ukraine's Accession to the EU on the CAP

Figure 3. Poland's share of the European Union's agricultural land area before and after Ukraine's potential accession



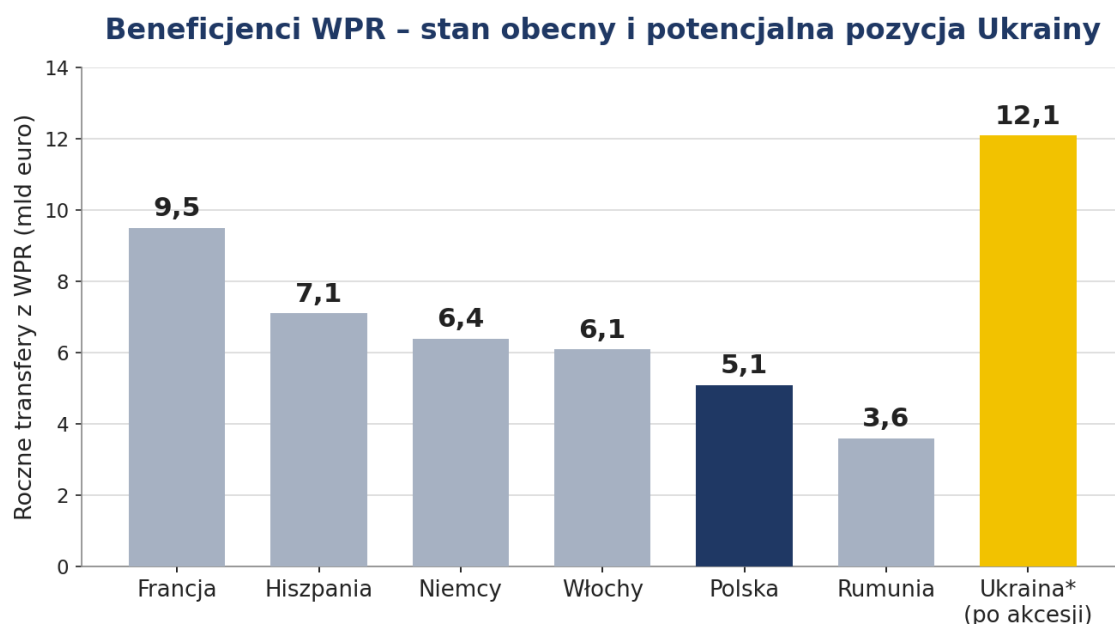
Sources: Eurostat (2023); EPRS, *Ukrainian Agriculture, 2024*. WEI's own calculations..

This is not merely a technical or accounting issue. Direct payments under the first pillar of the CAP are distributed among member states largely based on the area of agricultural land. If Ukraine, with its more than 40 million hectares of pre-war agricultural land, joins the EU and the total budget remains constant or decreases, the per-hectare rate will drop, and with it, Poland's share of the total payment pool. Under unchanged distribution rules, the simple arithmetic therefore works to the disadvantage of Polish farmers.

The second observation concerns a potential transfer. Bruegel has estimated that, under a static scenario applying current rules without transitional arrangements or payment limits, Ukraine's potential CAP-related budget exposure could amount to approximately 85 billion euros over seven years, or an average of 12.1 billion euros per year. By comparison, Poland, the largest beneficiary in Central Europe, received 5.1 billion euros in 2023. Under that specific scenario, Ukraine would become the largest single beneficiary of the CAP, surpassing France, whose annual allocation is 9.5 billion euros. This figure should not be interpreted as a forecast of actual transfers after accession, which would depend on the future CAP architecture, eligibility, capping, phasing-in and absorption capacity.



Figure 4. Annual CAP transfers—current beneficiaries and Ukraine’s position after accession



* Szacunek Bruegla (2024): Ukraina otrzymywałaby z WPR ok. 85 mld euro w 7 lat przy obecnych regulacjach, czyli średnio 12,1 mld euro rocznie. Stałaby się największym pojedynczym beneficjentem, prawie 2,4 raza więcej niż dziś otrzymuje Polska.

Sources: European Parliament, “EU Agriculture Policy in Numbers,” data for 2023; Bruegel Policy Brief 05/2024

The third and most practical observation is an attempt to transfer all of this into a specific amount for Poland. The starting point is Poland’s current CAP allocation for 2023–2027, which amounts to 25 billion euros. We have prepared three scenarios for how the situation might unfold in the new 2028–2034 financial framework. Each is based on different policy decisions, but all are realistic.

The first scenario assumes that the Commission implements its July 2025 proposal, which involves the legal allocation and protection (so-called “ringfencing”) of a specific fund of 300 billion euros for the CAP. Still, Ukraine has not yet joined the EU. The reduction in the agricultural budget alone, which the Commission proposes at around 22 percent, means a decrease for Poland from 25 to approximately 19.4 billion euros. Even before any enlargement, Polish agriculture will receive 5.6 billion euros less. The scale of the cut remains a subject of negotiation: the estimate of approximately 22 percent is based on figures from mid-2025, and in a note from January 2026, the Commission maintains that the budget for supporting farmers and rural areas in 2028–2034 may remain at the level of the current CAP allocation or be higher⁴⁰.

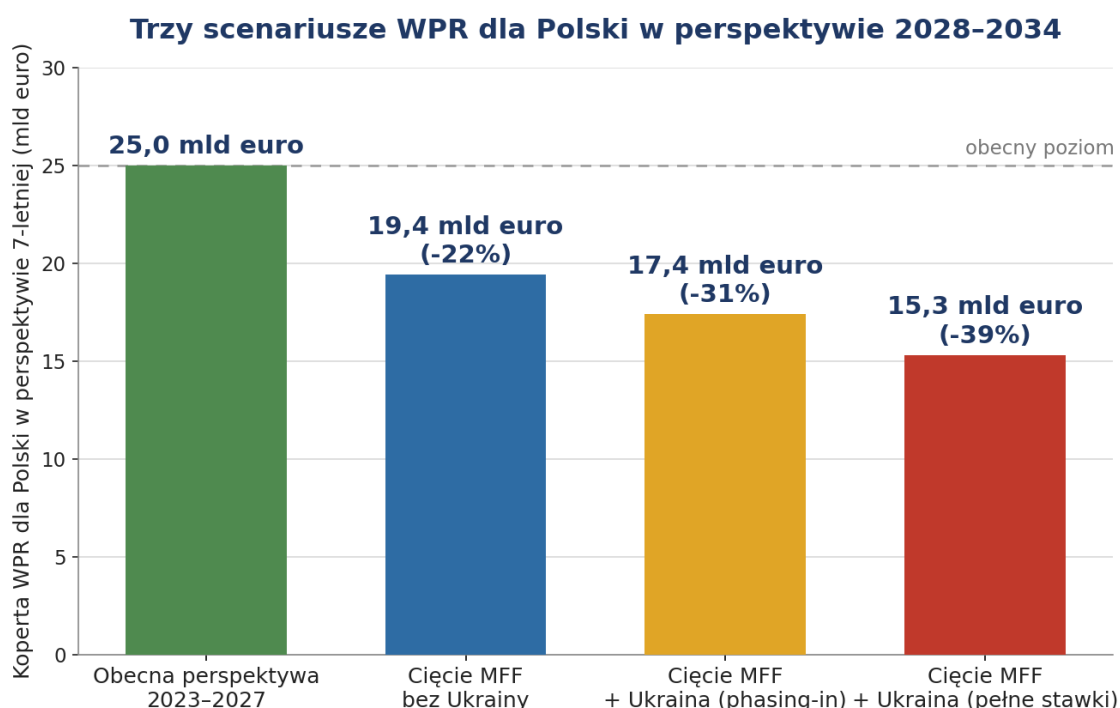
40 European Commission, Unlocking Synergies: Integrating EU Funding for Farming and Rural Communities, January 2026 (the budget for supporting farmers and rural areas from 2028 to 2034 may remain at the level of the current CAP allocation for 2021–2027 or be higher); Statement by Commission President Ursula von der Leyen on November 12, 2025, regarding her readiness to propose a 10-percent rural target for the National and Regional Partnership Plans fund; A. Matthews, “The likely size of the CAP budget in the next MFF,” CAP Reform, 2025 (the estimate of a 22 percent cut dates from mid-2025 and remains subject to negotiation). Available at: <https://capreform.eu/the-likely-size-of-the-cap-budget-in-the-next-mff-reprise>

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The second scenario is an intermediate option: a new multiannual financial framework (MFF) with a reduction in the budget allocation, plus Ukraine's accession with a mechanism for gradually reaching full rates, similar to the one Poland had from 2004 to 2007. Under the assumptions used in this scenario, Ukraine would receive, on average, about 50 percent of the full amount during the first 7-year cycle. Under the pre-2027 per-hectare distribution logic applied here, Poland's budget allocation could drop to 17.4 billion euros, a 31 percent decrease from today

Scenario three is the worst-case scenario: a reduction in the CAP, plus full rates for Ukraine, with no transition periods. In that case, Poland's budget allocation would drop to about 15.3 billion euros—39 percent lower than it is now. That's nearly 10 billion euros less over the seven years, or more than 1.4 billion euros per year.

Figure 5. Three CAP allocation scenarios for Poland for the period 2028–2034



WEI's own calculations are based on data from the European Commission, Bruegel (Darvas et al., 2024), and Poland's Strategic Plan for 2023–2027. The assumptions are described in the text.

The results presented here are based on a straightforward application of current CAP rules to the EU, expanded to include Ukraine, and are intended to illustrate the direction and scale of risk; actual allocations depend on political decisions yet to be made, including whether the Commission will propose a long transition period of more than a decade for Ukraine, whether it will cap the amounts for the largest beneficiaries, and whether the CAP budget will be increased compared to the proposal from July 2025⁴¹. But that is precisely the crux of the matter. Each of these issues is being decided today, at the negotiating table in Brussels, and not only when Ukraine signs the accession treaty.

⁴¹ WEI's own calculations based on data from Bruegel (Darvas et al. 2024: 85 billion euros in CAP payments to Ukraine over 7 years under current rules) and the European Commission's 2028–2034 MFF proposal dated July 16, 2025. (€294–300 billion ringfenced for the CAP, compared to €387 billion in the current financial framework) and Poland's 2023–2027 allocation (€25 billion). The assumptions used in the three scenarios are described in the text.

The calculations presented above are based on the logic of the pre-2027 CAP, where Ukraine's large agricultural land area would directly dilute Poland's per-hectare allocation from a shared pool. Under that logic, the intermediate scenario suggests Poland could lose 7–8 billion euros from the CAP allocation over a seven-year period—that is, more than one billion euros per year. However, as discussed in Section 5 and confirmed by the Commission's June 2026 financial package for Montenegro, the post-2027 NRP framework changes this mechanism fundamentally: under the new rules, accession would not directly reduce the funds pre-allocated to existing member states, as there is no longer a shared CAP budget to dilute. The Montenegro package establishes the principle at a scale of EUR 277 million in CAP allocation; whether it holds for an accession an order of magnitude larger, and whether the proportional ceiling increase is financed through new own resources or higher national contributions, remains open. The scenarios presented here therefore retain their function as measures of exposure. The scenarios presented here should therefore be read as illustrations of the scale of risk under the old distribution logic rather than as projections under the rules actually likely to apply at Ukraine's accession. The real financial risk for Poland is indirect: as Ukraine becomes a net EU budget beneficiary, pressure on the overall MFF size will increase, and it is in the negotiations over that overall envelope — and over transition periods, payment caps and eligibility rules — that Poland's agricultural funding will effectively be determined. The real battle over funding, therefore, is not about Ukraine itself, but rather about the overall size of the next MFF and the protective mechanisms built into the accession package.

Real opportunities

However, Ukraine's accession is not all about threats, and an objective analysis must reflect this. The first and most tangible opportunity is access to cheaper raw materials for the Polish processing industry. The Polish agri-food industry, which is one of Poland's key export sectors, could source cheaper grains, oils, and animal feed from Ukraine, thereby lowering production costs and increasing its competitiveness on global markets. In a model where Ukraine supplies the raw materials and Poland processes and sells them under its own brands, Polish companies stand to gain rather than lose.

A second opportunity is the export market. Before and during the war, Ukraine was a major importer of Polish processed food. Moreover, despite media reports portraying Poland as being flooded with cheap Ukrainian food, Poland maintains a large and growing trade surplus with Ukraine in overall merchandise trade. Polish exports of all goods to Ukraine reached a record 51.7 billion zlotys in 2023, and the trade surplus in goods rose to over 31 billion zlotys. In the agri-food category alone, the trade balance with Ukraine is sometimes slightly negative, as Poland imports oils and grains, but this is precisely what illustrates the complementary nature of our trade: Ukraine sells us raw materials, and we sell finished products to Ukraine and the rest of the world⁴².

The third opportunity lies in Poland's role as a bridge. Poland has already aligned with the CAP, a process Ukraine has yet to undergo. Poland's natural partners

42 Podzielone plony, 2025, citing data from the Central Statistical Office (GUS) (Polish exports of goods to Ukraine in 2023 amounted to 51.7 billion PLN, and the trade surplus in goods with Ukraine exceeded 31 billion PLN; the trade balance in the agri-food category alone with Ukraine is sometimes slightly negative due to imports of sunflower oil and grain). PDF: <https://www.batory.org.pl/wp-content/uploads/2025/09/Podzielone-plony.pdf>

in this regard—both before and after accession—include Ukraine's small-scale and family farming sector, as well as other producer categories seeking to align with EU standards and develop cross-border value chains; strengthening this sector is in Poland's interest, as it promotes the convergence of standards, creates an ally in defending the redistributive nature of the CAP. Poland stands to benefit in two ways: as a transit and logistics hub for Ukrainian exports through its own ports, and as a provider of knowledge, technology, and best practices for smaller and medium-sized Ukrainian farms. In 2024, Polish agri-food exports reached a record high of 53.5 billion euros, and the processing sector became the EU's fifth-largest food exporter⁴³. Finally, there is the issue of food security. The combined potential of Poland and Ukraine makes Central Europe one of the world's most important food-producing regions.

The bottom line for this section is that the effects of accession will vary significantly. Large livestock farms and processing plants, which benefit from lower raw material costs, are likely to gain. Smaller family farms engaged in standard crop production are likely to lose out unless they find a niche or receive protection. Therefore, public policy should target this second group rather than spread general fear of Ukraine.



43 The Ministry of Agriculture and Rural Development is the main government agency responsible for shaping agricultural policy, and the National Center for Agricultural Support, Results of Polish trade in agri-food products in 2024. (record exports of 53.5 billion euros, a 2.7% increase compared to 2023, a trade surplus of 17.9 billion euros, food accounting for 15.3% of Polish exports, exports to Ukraine totaling 956 million euros). Available at: <https://www.gov.pl/web/kowr/wyniki-polskiego-handlu-towarami-rolno-spozywczymi-w-2024-r>

6.2. CONSEQUENCES FOR UKRAINE

Building on the discussion above regarding the implications of Ukraine's accession for the future CAP architecture and EU budget framework, the next question concerns how participation in the Common Agricultural Policy could translate into practical outcomes for Ukrainian agricultural producers. In this context, the key issue is not whether Ukrainian agriculture would formally become eligible for CAP instruments, but rather which categories of producers would realistically be able to access support mechanisms and under what institutional and transitional conditions^{44, 45}.

As discussed below, the scale of Ukraine's agricultural land base creates a potentially significant payment base under land-linked CAP instruments. However, the practical relevance of this payment base will depend not only on land availability but also on the share of agricultural land that becomes eligible under CAP rules and can be supported through compliant administrative procedures. A specific complication is that most agricultural land used by Ukrainian enterprises is leased rather than owned (around 17.3 million hectares of 18.3 million hectares). This predominance of leasehold arrangements reflects the legacy of the long-standing moratorium on agricultural land sales and the subsequent development of the agricultural land-rental market⁴⁶. Because CAP payment entitlements attach to the active farmer using the land, clear lease registration and land-use documentation would be a precondition for converting Ukraine's large land base into an actual payment base.

At the same time, CAP participation is not determined solely by agricultural scale. Access to support is generally linked to the concept of an "active farmer", meaning entities that carry out genuine agricultural activity and meet requirements related to registration, land-use documentation, accounting, environmental and veterinary standards, monitoring, and conditionality obligations. In practice, participation depends not only on production capacity but also on the ability to operate within administrative and control systems^{47, 48}. Eligibility is also shaped by the extreme concentration of land. Even within the agricultural-enterprise sector, the many small holdings account for very little area: in Krzyżanowski's data, the roughly 16,300 enterprises under 50 hectares together farm only about 422,000 hectares — a large share of producers by number but a marginal share of the payment base. Family farms are estimated to use only around a quarter of Ukraine's agricultural land. A further consideration is that these enterprise statistics exclude the millions of household plots that dominate production of potatoes, vegetables, fruit and milk; whether such producers could meet registration and minimum-threshold requirements would largely determine how many fall outside the direct-payment system altogether. Under

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

45 <https://uafp.eu/wp-content/uploads/2026/01/roadmap-for-ukraine%CA%BCs-transformati-ve-adaptation.pdf>

46 Graubner M., Ostapchuk I., Gagalyuk T. (2020). Agrohholdings and land rental markets: a spatial competition perspective. *European Review of Agricultural Economics*. <https://doi.org/10.1093/eurag/jbaa018>

47 https://agrarausbildung-ukraine.net/wp-content/uploads/2025/03/Grundzuege-der-Europa-eischen-Agrarpolitik-Februar-2025_UA.pdf

48 <https://eu-ua.kmu.gov.ua/wp-content/uploads/Vstup-do-YES-i-agrosektor-YAk-pratsy-uye-SAP.pdf>

current CAP rules (Article 18 of Regulation (EU) 2021/2115), each member state sets a minimum holding size and/or a minimum payment amount below which no direct support is granted; in practice, most member states have set these between 0.3 and 4 hectares and between EUR 100 and 500⁴⁹. Where Ukraine sets this threshold would therefore do much to determine how large a share of its household and micro-holding sector (much of which farms well under one hectare) is drawn into, or left outside, the direct-payment system. Consequently, formal eligibility and effective access should not be treated as synonymous. Access to CAP support would depend not only on registration and land-use documentation, but also on demonstrable compliance with applicable environmental, veterinary, food-safety and control requirements. A producer may therefore meet the formal eligibility criteria while facing substantial practical barriers related to reporting, verification procedures, environmental conditionality and administrative compliance. Ensuring that support is conditional on effective compliance with these requirements will be important for maintaining a level playing field between Ukrainian producers and producers in existing member states.

As outlined earlier, Ukraine's agricultural sector encompasses a highly diverse range of production models, from household and family farms to medium-sized enterprises and large integrated producers. This diversity means that potential participation in CAP mechanisms is likely to differ substantially across producer categories⁵⁰.

To better illustrate how this heterogeneity may translate into practical participation under CAP-type rules, it is useful to distinguish producers not only by production volumes but also by their likely readiness to comply with eligibility and administrative requirements (Table 3).



49 European Parliament, Fact Sheets on the European Union, "Direct payments" (2025), <https://www.europarl.europa.eu/factsheets/en/sheet/109/direct-payments>; the requirement is set out in Article 18 of Regulation (EU) 2021/2115.

50 https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pssg/ksg_ek_2010_2021_ue.xlsx

Table 3. Indicative assessment of CAP access readiness among Ukrainian agricultural producers

Producer category	Likely access readiness	Main consideration	Expected role in CAP
Medium agricultural enterprises	High	Balance between administrative readiness and production scale	Likely core beneficiaries
Large agricultural enterprises and agroholdings	High administrative and compliance capacity	Strong compliance capacity; concentration of land use and production may require safeguards against disproportionate concentration of support	Potentially significant beneficiaries, subject to capping, degressivity, redistribution and active-farmer criteria
Farms and family farms	Medium	Broad participation potential but higher adjustment costs	Important target group requiring support measures
Cooperatives	Medium	Improved compliance through collective organisation	Potential vehicle for aggregating smallholder access to support
Agricultural sole proprietors	Medium–low	Higher administrative burden	Variable participation, dependent on degree of formalisation
Small farms and households	Low	Constraints related to registration and conditionality	Limited participation without formalisation
Organic and niche producers	Medium–high	Better alignment with environmental priorities	Targeted beneficiaries of eco-schemes and quality measures

Source: summarised by the authors

Note: The categories presented in Table 3 are analytical CAP-readiness groupings rather than official statistical classifications. For consistency with the production and land-use data presented in the Annex, large agricultural enterprises and agroholdings broadly correspond to large producers, medium agricultural enterprises to medium producers, while farms, family farms and small agricultural producers correspond primarily to small and medium producer categories.

The relatively strong administrative and compliance capacity of large agricultural enterprises and agroholdings may facilitate their participation in CAP instruments. However, this does not imply that they should receive proportionately higher support. Given the concentration of land use and production in parts of the Ukrainian agricultural sector, the final design of CAP support should combine eligibility and control requirements with capping, degressivity, redistribution and active-farmer criteria in order to avoid an excessive concentration of payments.

(Detailed producer classifications and production-size statistics are presented in Annex).

Under a conventional CAP model, medium-sized commercial farms appear most likely to become the principal beneficiaries of direct support. Large agricultural enterprises and agroholdings may also benefit significantly, although the proposed EUR 100,000 per-farm annual cap and degressivity under DABIS would sharply limit their per-entity share. At EUR 198 per hectare, the EUR 100,000 ceiling would begin to apply at approximately 505 hectares per beneficiary, subject to the applicable degressivity rules. The estimated impact cannot, however, be inferred directly from aggregate land-area data. For the 184 largest enterprises, each cultivating more than 10,000 hectares and together accounting for approximately 4.3 million hectares, a simple hectare-based calculation would imply a theoretical gross amount of approximately EUR 851 million before the application of degressivity, capping, eligibility adjustments and rules concerning related entities.

Any estimate of the distributional and fiscal effects of capping should therefore be treated as illustrative rather than as a baseline forecast. Such estimates depend on whether each registered enterprise is assessed as a separate beneficiary or whether several legally distinct entities are treated as related entities under the final CAP rules. Under the Commission's proposal, the ceiling would apply per natural or legal person; the practical effect would thus depend on the final criteria for identifying related entities, the distribution of eligible land among beneficiaries, and the way these rules are implemented in practice.

The proposed EUR 100,000 ceiling and degressivity could limit the per-entity share of direct support for some larger beneficiaries, but their final distributional effects cannot be assessed reliably before the relevant eligibility, beneficiary-definition and anti-circumvention rules are specified.

By comparison, in 2019, some 22 agroholdings each leased more than 50,000 hectares. The legal and organisational structures of such groups would need to be considered when assessing how any future capping rules could apply in practice.

Under current discussions on the future CAP and its adaptation to enlargement, the relative financial importance of different CAP instruments for Ukraine may differ from that observed in existing Member States. While direct payments are likely to remain an important source of support, particularly for small and medium-sized producers meeting the active farmer criteria, the application of capping and degressivity could substantially reduce transfers to large agricultural enterprises. As the balance of CAP support shifts towards rural development measures, investment support, eco-schemes, and other targeted interventions, transitional arrangements should ensure that producers with different production models and administrative capacities can participate on proportionate terms. This is particularly important because more capital-intensive instruments may require co-financing, compliance capacity and administrative resources that are not equally available across all categories of agricultural producers. These instruments are particularly relevant in the Ukrainian context, as they can support farm modernisation, infrastructure development, technological upgrading, environmental compliance, climate adaptation and the diversification of rural economic activity. Given the reconstruction needs created by the war and the substantial investment required to align with EU standards, such measures may have a greater long-term economic impact than direct income support alone⁵¹.

⁵¹ <https://nv-oneu.com.ua/index.php/journal/article/download/133/96>

Potential participation in the CAP should also be considered beyond direct payments alone. Different CAP instruments pursue different policy objectives and therefore may affect categories of Ukrainian producers unevenly. While some mechanisms focus primarily on income stabilisation, others are designed to support investment, environmental transition and longer-term structural transformation (Table 4).

The implications of CAP participation depend not only on eligibility but also on the type of support available. In particular, the distinction between direct income support and rural development instruments is likely to be highly relevant for Ukraine, given the size of its agricultural sector and the ongoing debate on the future CAP model.

Table 4. Potential relevance of CAP instruments for Ukraine

CAP instrument	Potential relevance	Likely beneficiaries	Main implementation challenge
Direct payments	Income stabilisation and adjustment support	Registered active farmers	land registration and eligibility verification
Eco-schemes	Environmental transition and sustainability	Formal producers	environmental compliance and monitoring
Rural development support	Diversification and farm modernisation	Farms, SMEs, cooperatives	project preparation and co-financing
Investment support	Technology and infrastructure upgrades	Growth-oriented producers	administrative capacity and absorption
Support for young farmers	Renewal of producer structure	New entrants	farm succession and entry barriers
Organic production support	Expansion of value-added agriculture	Certified producers	certification capacity and traceability

Source: summarised by the authors based on https://agriculture.ec.europa.eu/common-agricultural-policy/income-support/eco-schemes_en and <https://eu-ua.kmu.gov.ua/wp-content/uploads/Vstup-do-YES-i-agrosektor-YAk-pratsyuye-SAP.pdf>

This indicates that future CAP participation may influence not only farm incomes but also the longer-term structural transformation of Ukrainian agriculture.

Direct payments versus rural development support

For Ukraine, one of the key policy questions concerns the future balance between Pillar I direct payments and Pillar II rural development measures. A model heavily focused on direct payments would maximise income transfers but could intensify concerns regarding budget costs and concentration of support. A model that places greater emphasis on rural development, investment support, and modernisation could generate stronger long-term structural effects than direct payments alone, particularly by improving productivity, processing capacity, logistics, export infrastructure and compliance with EU standards. To ensure that these benefits support balanced market integration, the scale, sequencing and targeting of investment support should be transparent, proportionate and aligned with common EU competition, environmental and market-stability objectives. Such an approach would enable Ukraine's agricultural modernisation while

supporting a resilient and well-functioning agricultural market in an enlarged European Union^{52, 53}.

Beyond direct financial effects, participation in CAP mechanisms could gradually influence the organisation of the agricultural sector itself. Greater reliance on conditional support instruments, environmental requirements and investment-based financing may strengthen incentives for producer formalisation, cooperation, farm modernisation and participation in organised value chains. At the same time, this process may create pressure to adjust for producers operating with limited administrative capacity or outside formal support systems^{54, 55}.

Participation may remain uneven across sectors, with a high share of household production and lower levels of formalisation. This may be particularly relevant for potatoes, vegetables, fruit and berry production, beekeeping and household-based agriculture, where registration, accounting and documented production structures remain less developed. These sectors should not necessarily be viewed as excluded from CAP participation but may require additional advisory support and gradual formalisation to improve access conditions^{56, 57, 58}.

As discussed earlier, estimates of potential CAP expenditure for Ukraine vary substantially depending on the assumptions and should therefore be interpreted as illustrative scenarios rather than expected outcomes.

Since the future integration model has not yet been defined and current CAP rules remain subject to reform discussions, available estimates should be interpreted as alternative policy scenarios that reflect different approaches to support allocation, transitional arrangements, and implementation architecture^{59, 60}.

As set out in Section 5 (Table 1), these estimates range from EUR 70–90 billion over a seven-year budget period, up to EUR 96.5 billion under the broadest assumptions, falling to roughly EUR 1.2 billion annually once transition periods and payment caps are applied⁶¹. These are potential allocations under alternative policy assumptions, not forecasts of what Ukrainian farmers would actually receive.

Importantly, these estimates are driven primarily by assumptions regarding eligible agricultural land and the application of area-based payment formulas rather than by the number of potentially eligible producers. Most scenarios do not fully account for actual administrative readiness, participation rates or future CAP reforms⁶².

52 https://agriculture.ec.europa.eu/media/news/questions-and-answers-cap-post-2027-proposal-2025-07-23_en

53 <https://liberalforum.eu/wp-content/uploads/2025/06/Common-Agricultural-Policy.pdf>

54 https://agriculture.ec.europa.eu/common-agricultural-policy/income-support/eco-schemes_en

55 <https://uafp.eu/wp-content/uploads/2026/01/roadmap-for-ukraine%CA%BCs-transformation-adaptation.pdf>

56 <https://kse.ua/wp-content/uploads/2025/10/YEvrointegratsiya-1.0-Oglyad-rinku-kartopli-Ukrayini-UKR.pdf>

57 https://kse.ua/wp-content/uploads/2025/03/Zvit-1.1_Oglyad-rinku-svizhih-fruktiv-ta-ovochev-u-YES-ta-Ukrayini_vidformatovaniy_ukrayinskoyu.pdf

58 <http://naas.gov.ua/slide/bdzh-Initstvo-ukra-ni-stan-problemi-shlyakhi-rozv-yazannya/>

59 <https://ersj.eu/journal/3661/download/Future+Direct+Payments+in+Ukraine.pdf>

60 <https://en.euractiv.eu/content/uploads/sites/2/special-report/How-the-Ukraine-war-is-re-shaping-the-CAP-1.pdf>

61 <https://ersj.eu/journal/3661/download/Future+Direct+Payments+in+Ukraine.pdf>

62 <https://www.arc2020.eu/ukraine-the-elephant-in-the-room-that-could-unlock-cap-reform/>

This is particularly relevant given the current structure of Ukrainian agriculture. As discussed above, available modelling suggests that the application of a EUR 100,000 payment cap and degressivity would primarily affect large agricultural enterprises and agroholdings, while having a much smaller effect on medium-sized farms⁶³. This indicates that the impact of CAP accession would depend not only on the overall volume of available support but also on how future payment limits and redistribution mechanisms are designed.

Consequently, the scale of potential support appears to depend more on policy design and transition arrangements than on agricultural size alone.

However, differences in institutional readiness also imply that access to CAP mechanisms may not automatically translate into equal access to support.

One of the main implementation risks concerns unequal participation across categories of producers. More formalised and financially capable enterprises are likely to adapt more rapidly to conditionality requirements, monitoring procedures and administrative obligations. By contrast, smaller farms, households and less integrated producers may face disproportionate barriers related to registration, accounting, land documentation and compliance costs⁶⁴. This suggests that the distributional consequences of CAP accession may differ substantially from headline budget estimates. Even where support becomes available, benefits may initially be concentrated among producers with stronger administrative and financial capacity.

At the same time, concerns about excessive concentration of support among large agricultural companies should not overshadow the opposite risk. Ukraine may enter the CAP under restrictive transitional arrangements that reduce actual access to support while still requiring extensive institutional and administrative adaptation. Under such conditions, compliance costs may emerge earlier than financial benefits.

Institutional preparation, therefore, becomes as important as financial support itself. Effective participation would require the establishment of an Integrated Administration and Control System (IACS), the development of paying agencies, the strengthening of audit and control mechanisms, the implementation of digital land registers and geospatial monitoring systems, and the further alignment of agricultural, environmental, and land legislation with EU requirements^{65, 66}.

For Ukraine, participation in the CAP is likely to depend less on theoretical access to EU funding and more on the practical ability of producers and institutions to operate under CAP rules. Transitional arrangements, differentiated producer readiness and administrative capacity may ultimately determine the distribution of benefits more strongly than the total volume of available support. This makes institutional adaptation and inclusive access conditions central to ensuring that CAP integration supports structural transformation rather than reinforcing existing inequalities.

63 https://ucci.org.ua/media/filemanager/News%20photos/Farm%20structure%20in%20UA/Farm%20Structure%20Ukraine_EESC.pdf

64 <https://uafp.eu/wp-content/uploads/2026/01/roadmap-for-ukraine%CA%BCs-transformative-adaptation.pdf>

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

66 https://ces.org.ua/wp-content/uploads/2024/03/gotovnist_ukrai%CC%88nskogo_agrarnogo_sektoru_do_vstupu_do_%D1%94s-1.pdf

Beyond the fiscal dimension, CAP participation would influence the organizational and institutional trajectory of Ukrainian agriculture more broadly. Alignment with CAP eligibility requirements (registration, land documentation, environmental conditionality, accounting standards) would, over time, incentivize formalization across the sector and integration into regulated value chains. Access to eco-schemes and rural development instruments would create financial incentives for practices that improve soil health, reduce input intensity and strengthen long-term productivity. For Ukraine, whose agricultural sector has been shaped by decades of low regulatory oversight and capital-intensive monoculture, these structural effects of CAP integration may matter more in the long run than the volume of direct income transfers.



6.3. COMMON INTERESTS AND POSSIBLE AREAS FOR COOPERATION

It is easy to describe Polish-Ukrainian relations in agriculture as a zero-sum game, in which every gain for Ukraine is a loss for Poland. However, this view is inaccurate and, worse still, leads to poor decisions. Both trade data and the very structure of the two sectors show that Poland and Ukraine share a wide range of common interests. The least likely—but also the most beneficial—scenario is one of cooperation and mutual complementarity. The worst-case scenario is one of conflict and trade barriers, in which both sides lose and only competitors from outside the region gain.

Where Poland's and Ukraine's interests align

One of the most important areas of convergence concerns maintaining a strong, adequately financed agricultural policy amid broader pressure on the EU budget. Current discussions on the post-2027 CAP increasingly emphasise that agricultural policy should remain a distinct policy area, with protected support for farmers, while becoming more integrated with broader investment and competitiveness objectives. The proposed CAP architecture maintains ring-fenced income and crisis support while expanding opportunities for coordination with rural investment, innovation and regional development instruments⁶⁷.

The second shared interest is a model of integration based on real development needs rather than the automatic transfer of large sums to the largest entities. Neither Poland nor Ukraine's small and medium-sized farms benefit from a situation in which most of the subsidy money goes to a handful of agricultural holdings. Support directed toward modernization, rural development, infrastructure, and resilience benefits both sides and is easier to justify to the European public than per-hectare subsidies for large-scale enterprises.

Specific Areas of Cooperation

On a practical level, cooperation can proceed along several tracks simultaneously. The first involves specialization and role division, in which Poland develops high-value-added processing. At the same time, Ukraine supplies raw materials, with both countries building joint supply chains rather than competing in the same sector. The second is joint investment in transportation, warehousing, and logistics infrastructure, including the use of Polish ports to export Ukrainian products, which benefits both sides. The third is knowledge transfer, as Poland has twenty years of experience in bringing fragmented agriculture into compliance with EU standards—a process Ukraine is only just beginning to learn.

A fourthThe third area concerns food security and the competitiveness of European agriculture as a whole. Complementarity—that is, Ukrainian raw materials combined with Polish and European processing—strengthens the region's resilience to price fluctuations and supply disruptions. It is worth noting that the EU is already the most important market for Ukrainian food, accounting for

⁶⁷ <https://institutdelors.eu/en/publications/eu-enlargement-and-the-post-2027-multi-annual-financial-framework/>

approximately 52 percent of its agricultural exports in 2024, compared to 28 percent in 2021. Ukraine has become the third-largest food supplier to the EU, with an 8 percent market share and a value of 13 billion euros in 2024⁶⁸. In a world where food is becoming a tool of geopolitical pressure, the strong, combined potential of Poland and Ukraine is a strategic asset.

A further area of potential convergence concerns the future balance between direct income support and development-oriented instruments. While direct payments remain important for supporting income stability and reducing exposure to market volatility, recent CAP reforms increasingly focus on better targeting of support and stronger links between public financing and measurable outcomes. This implies a gradual shift away from viewing direct payments solely as automatic transfers and towards combining income support with incentives for adaptation, productivity and resilience. Such an approach may be particularly relevant in the context of future enlargement, where preserving the social legitimacy of agricultural spending may become increasingly important. Both countries may therefore share an interest in strengthening investment-oriented instruments that improve competitiveness rather than relying exclusively on area-based transfers. Such instruments should, however, be designed to remain accessible to farms of different sizes, producer organisations and rural communities, so that investment support strengthens diversified value chains, local processing capacity and resilience rather than concentrating benefits among a limited number of beneficiaries.

At the same time, opportunities for cooperation extend beyond direct payments. Eco-schemes and environmental instruments increasingly occupy a central position in the current CAP architecture and reflect a broader transition towards climate resilience, resource efficiency and long-term sustainability. Although environmental requirements are often perceived as creating additional compliance costs, they also create incentives for technological upgrading, improved land management and access to higher-value production segments. For Ukraine, gradual integration into these mechanisms may support reconstruction and modernisation of agricultural production. More broadly, environmental instruments should combine meaningful climate and environmental objectives with proportionate requirements, adequate financing and advisory support, allowing farms of different sizes to adopt sustainable practices without disproportionate administrative or financial burdens⁶⁹.

Rural development and investment support represent another area where common interests may emerge. Compared with direct payments, these instruments are more directly associated with structural transformation and may support investments in processing capacity, logistics, storage, digitalisation, advisory services and producer cooperation. Current discussions on CAP implementation increasingly connect agricultural policy with broader competitiveness and innovation agendas, creating opportunities for coordinated approaches to strengthening agricultural value chains and rural resilience.

Modernisation and infrastructure may become particularly important in the Ukrainian context. Future integration into EU agricultural markets will require

68 European Policy Centre, EU-Ukraine trade: From emergency measures to a renewed trade agreement, August 2025 (the EU's share of Ukraine's agri-food exports rose from 28% in 2021 to 52% in 2024; Ukraine is the third-largest food supplier to the EU, with an 8% share and a value of 13 billion euros in 2024). Access: <https://www.epc.eu/publication/eu-ukraine-trade-from-emergency-measures-to-a-renewed-trade-agreement/>

69 https://www.robert-schuman.eu/en/european-issues/0607-the-common-agricultural-policy-2023-2027-change-and-continuity?utm_source=chatgpt.com

improvements in logistics corridors, border infrastructure, storage systems, transport connectivity and rural services. These investments may generate benefits not only for Ukraine but also for neighbouring member states through stronger market integration, more resilient supply chains and improved food security across Central and Eastern Europe.

To ensure balanced outcomes, investment support should promote access to infrastructure, processing and innovation for a broad range of producers and producer organisations, while encouraging diversified value chains and local value creation. Such cooperation may therefore shift attention from distributive concerns towards jointly financed development priorities that strengthen the resilience and competitiveness of European agriculture as a whole⁷⁰.

Support for generational renewal and long-term competitiveness may also become an increasingly important area of cooperation. Current CAP priorities emphasise attracting younger producers, encouraging innovation and improving the position of farmers within value chains. In both Ukraine and Poland, demographic pressure in rural areas creates incentives to support renewal of the agricultural workforce and strengthen rural economic opportunities beyond traditional production support alone.

However, we must also identify the barriers, as doing so is essential for the recommendations to be complete. These include persistent differences in quality standards (both in terms of products and production processes), complex customs, sanitary, and veterinary procedures, underdeveloped infrastructure, and, above all, a lack of trust fueled by fears of Ukrainian agricultural conglomerates and memories of the grain crisis. The expectations of both groups of farmers are often conflicting: Polish farmers want market access and price stability, while Ukrainian farmers want access to a larger market and higher prices. Cooperation will not arise on its own; it requires a deliberate policy and time. This brings us directly to our recommendations.

A gradual and predictable transition model could combine phased access to relevant CAP instruments with investment support, eco-schemes, rural development and institutional adaptation. Its design should include transparent criteria, adequate preparation time and proportionate safeguards that support orderly market adjustment, while preserving Ukraine's incentives and capacity for reform, reconstruction and long-term agricultural development⁷¹.

At the same time, cooperation does not imply complete alignment of interests. Ukraine and Poland may continue to hold different positions regarding market safeguards, support distribution or the pace of integration. Nevertheless, both sides may benefit from avoiding a scenario in which future CAP reform reduces agricultural financing without establishing effective mechanisms to strengthen competitiveness and resilience. In this sense, enlargement may become not only a budget challenge but also an opportunity to redefine how agricultural support contributes to long-term development outcomes⁷².

A balanced transition should therefore be understood not as a mechanism for restricting Ukraine's participation, but as a framework for managing adjustment in a transparent and reciprocal manner. It should combine temporary and

⁷⁰ https://agriculture.ec.europa.eu/cap-my-country/cap-strategic-plans_en

⁷¹ https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=EU%20Common%20Agricultural%20Policy%20Reform_Brussels%20USEU_European%20Union_02-06-2022

⁷² https://capreform.eu/?utm_source=chatgpt.com

evidence-based safeguards, where justified, with targeted investment, institutional cooperation and support for farms and rural areas adapting to new CAP requirements. Such an approach would help ensure that integration strengthens the resilience of agricultural sectors on both sides while avoiding abrupt disruptions for producers and consumers.

A further area for cooperation concerns the design of Ukraine's transition into CAP mechanisms. Both Ukraine and existing member states may benefit from a predictable and phased approach that combines gradual access to support with institutional preparation and investment in administrative capacity.

Previous enlargements provide several examples of how agricultural integration was managed through transitional arrangements that limited market disruption and facilitated institutional adaptation. During the 2004 enlargement, countries such as Poland received direct payments gradually rather than immediately at the full EU level, with payments initially set at 25% of the EU average and subsequently phased in over a ten-year period. National governments were allowed to complement EU transfers through national top-ups, providing additional flexibility during the adjustment process. Similar arrangements were applied to Romania and Bulgaria following their accession in 2007, reflecting concerns regarding budgetary costs, administrative readiness and structural differences between agricultural sectors in existing and new Member States. Earlier enlargements also relied on transition periods and safeguard mechanisms. For example, Spain and Portugal were integrated through a seven-year adjustment period for agricultural prices and tariff alignment, while sensitive sectors such as wine, olive oil, fruit and vegetables were subject to longer transitional arrangements and specific safeguard measures. These experiences demonstrate that gradual integration, differentiated implementation schedules and temporary support mechanisms have been common features of previous enlargements involving large agricultural economies. They also suggest that future Ukrainian participation in the CAP is likely to involve transitional arrangements aimed at balancing budgetary sustainability, market stability and administrative adaptation. A phased approach combining gradual access to direct payments with stronger emphasis on rural development, investment support and institutional capacity-building could therefore provide a pragmatic pathway for Ukraine's integration into CAP mechanisms^{73, 74}.

Ukraine's future participation in the CAP raises not only questions of competition and redistribution but also opportunities to identify common development priorities within European agricultural policy. Despite differences regarding market access and support allocation, Ukraine and Poland share incentives to preserve a strong and adequately financed CAP that protects farm incomes, supports rural development, finances modernisation and allows gradual adaptation to enlargement. Under such an approach, future CAP reform may become both a response to enlargement pressures and an opportunity to strengthen resilience and competitiveness across European agriculture.

73 https://www.researchgate.net/publication/228770955_Eastern_Enlargement_of_the_EU_and_its_Implications_for_Agriculture_and_Agricultural_Policies

74 https://sieps.se/media/emhj2zru/2024_20epa.pdf

7. IMPLICATIONS FOR PUBLIC POLICY AND RECOMMENDATIONS

One overarching conclusion emerges from the entire analysis. The impact of Ukraine's accession on Polish agriculture is not a foregone conclusion. It will depend largely on three factors: the accession model and transition periods, the shape of the reformed CAP, and whether Poland treats Ukraine as a partner or solely as a threat. The calculations in Section 6.1 show that, under the assumptions of the intermediate scenario, Poland's CAP allocation could be more than one billion euros lower annually than under the reference scenario. The following recommendations from WEI fall into two groups—the first concerns the EU and the CAP reform debate; the second concerns Poland. IER's recommendations for Ukraine are set out in Section 7.2. The analysis also yields a conclusion regarding the very structure of the Common Agricultural Policy. For Ukraine to participate in the CAP without destabilizing the budget and markets, this policy should evolve in several directions. First, it should maintain a separate and adequate agricultural budget allocation as the principal EU instrument for financing environmental transition, rural modernization and structural adjustment, functions that cannot be delivered through market mechanisms alone and that will be particularly important in the context of enlargement. Second, it should provide for the multiyear and gradual integration of Ukrainian farmers into the payment system. Third, it should apply effective caps and degressivity that curb large-scale land concentration, rather than family farms. Fourth, it should shift the focus from per-hectare subsidies to support for modernization, rural development, and resilience. Fifth, it should link trade liberalization to the actual alignment of Ukrainian environmental and animal welfare standards. These directions are elaborated upon in the recommendations below.

7.1. RECOMMENDATIONS FOR THE EUROPEAN UNION AND THE DEBATE ON CAP REFORM

At the European level, Poland—ideally in coalition with other countries with fragmented agricultural sectors, and in the future also with Ukraine—should advocate for the following solutions:

1. **Ensuring that Ukraine's CAP integration is financed through additional budget allocations rather than redistribution of existing member state envelopes.** Under the post-2027 NRP framework, member state allocations are determined by population, income and prosperity gap criteria and are pre-allocated before accession. Ukraine's accession should not reduce these pre-allocated envelopes. The Commission's June 2026 financial package for Montenegro's accession negotiations confirms this principle, establishing that accession requires revision of the agreed MFF budget to account for new expenditure requirements without negative impact on funds already allocated to existing member states. Poland and other current CAP beneficiaries should advocate for this principle to be enshrined explicitly in the terms of Ukraine's accession negotiations, ensuring that the financial package for Ukraine is built on top of existing allocations rather than carved out of them.

2. **Defending a separate and adequate CAP budget.** The most important thing is to prevent agriculture from being absorbed into a single large national fund, from which funds could easily be diverted to other purposes. The CAP should retain a clearly defined, legally protected budget framework, because without it, any expansion will mean real cuts for current beneficiaries.
3. **A mechanism for Ukraine to gradually reach full payment rates.** Just as Poland reached full payment rates in stages between 2004 and 2007, Ukraine should enter the payment system gradually, through a multi-year phasing-in process. This would both protect the EU budget from a sudden financial burden and give all parties time to adjust.
4. **Caps and degressive support that target concentration rather than family farms.** Poland should support effective limits on subsidies for the largest entities, including the proposed cap of 100,000 euros, because this instrument prevents the bulk of the money from going to Ukrainian and other agricultural holdings. For the cap to be effective, it must cover affiliated entities, not just individual legal entities; otherwise, it can be circumvented by spreading the land area among formally separate companies. It is also necessary to monitor concentration from a spatial perspective⁷⁵. At the same time, the redistributive payment that provides incentives to smaller farms should be protected.
5. **Effective regional safeguard mechanisms and market monitoring.** The experience of the grain crisis has shown that the EU reacts too slowly. We must maintain and strengthen regional safeguard clauses, an efficient import monitoring system, and a rapid-response mechanism for market disruptions—such as the proposed Unity Safety Net—before the pressure escalates into a political crisis.
6. **Linking trade liberalization to the alignment of standards.** Opening the market to Ukrainian products should go hand in hand with Ukraine's substantive—not merely formal—alignment with environmental, animal welfare, and pesticide use standards. The updated trade agreement, effective at the end of October 2025, sets the deadline for full alignment of Ukrainian standards only for the end of 2028, while some Ukrainian stakeholders have proposed longer, sector-specific transition periods. Any such periods should be justified, time-bound, monitored and limited to adaptation needs. They should not postpone compliance for products placed on the EU market or create persistent competitive distortions. Harmonization should support a gradual shift toward more sustainable and diversified production models while recognizing the exceptional costs caused by war-related destruction. On the Ukrainian side, higher costs for Ukrainian agricultural producers due to the war and asset destruction should also be taken into account. Such a conditional model levels the playing field and should be maintained throughout the accession process⁷⁶.
7. **Active participation in shaping the reform, rather than reacting after the fact.** Decisions on the future CAP are being made now, as part of the negotiations on the financial framework for 2028–2034. Poland must be at the table as an active co-author of the reform, because if it joins only when Ukraine is close to membership, the most important parameters will already have been set.

75 O. Nedohonov et al., "Analysis of the Concentration of Agricultural Land and Farmers' Access to Land," Ecoaction (Ekodia), 2026 (at the hromada level—the Ukrainian equivalent of Polish gminas—individual agrohholdings control between 40 and over 70 percent of agricultural land, despite a statutory limit of 10,000 ha). Available at: <https://ecoaction.org.ua/konts-sh-zemel-dostup-fermeriv-analiz.html>

76 European Commission, DG TRADE, EU trade relations with Ukraine: The updated DCFTA entered into force on October 29, 2025, following the expiration of the autonomous trade measures on June 5, 2025; Regulation 2025/2199 introduces stricter tariff quotas, a safeguard clause, and a commitment by Ukraine to align its national production standards with EU standards by the end of 2028. Access: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine_en

7.2. RECOMMENDATIONS FOR UKRAINE

Ukraine's accession to the CAP will not be determined solely by the terms negotiated in Brussels. It will depend equally on how prepared Ukrainian institutions and producers are to operate within CAP rules, and on how effectively Ukraine advocates for accession terms that reflect its agricultural reality. The following recommendations fall into two groups: what Ukraine must build domestically, and what Ukraine should pursue at the negotiating table.

Institutional and administrative preparation

1. **Establishing the Integrated Administration and Control System (IACS) as a priority.** Direct payments cannot be disbursed without a functioning IACS – a digital system linking land parcel identification, farmer registration, payment processing and control. Building this system takes years and requires sustained investment. Ukraine should treat its development as a precondition for CAP participation rather than a post-accession task and should seek EU technical assistance and pre-accession funding to accelerate implementation.
2. **Developing land registration and lease documentation systems.** Around 17.3 of the 18.3 million hectares used by agricultural enterprises in Ukraine are leased rather than owned. CAP payment entitlements attach to the active farmer using the land, not to the landowner. Without reliable, digitized lease registration and land-use documentation, a large share of Ukraine's agricultural land base cannot be converted into an actual payment base. Strengthening land cadastre systems and formalizing lease arrangements should be treated as directly linked to CAP eligibility.
3. **Building paying agency capacity.** CAP funds are disbursed through nationally accredited paying agencies subject to strict EU audit and control requirements. Ukraine must establish and accredit such an agency well before accession, with sufficient administrative capacity, internal control systems and audit trails to meet EU assurance standards. The experience of Poland and other 2004 accession countries, which built these institutions in the pre-accession period, provides a direct model.
4. **Supporting producer formalization, particularly in the small and household sector.** The millions of household producers who dominate Ukraine's production of potatoes, vegetables, fruit, milk and eggs are unlikely to access CAP direct payments without formalization. Ukraine should develop streamlined registration pathways and advisory support systems that enable small producers to gradually enter formal agricultural structures without disproportionate administrative burdens. Producer organizations and cooperatives can serve as aggregation vehicles for this process.
5. **Aligning agricultural, environmental and food safety legislation with EU requirements.** CAP payments are conditional on compliance with environmental, veterinary and food safety standards. Ukraine should treat legislative alignment not as a formal accession checkbox but as a practical precondition for producer access to support. Priority areas include cross-compliance requirements, nitrates regulation, animal welfare standards and pesticide use rules. The deadline for full alignment under the updated trade agreement is the end of 2028; Ukraine should treat this as a floor, not a ceiling.

Negotiating position

1. **Advocating for a phasing-in mechanism that includes national top-up payments.** As Poland's accession experience demonstrated, starting at 25% of the full EU rate with national complementary payments closing the gap is more effective than a flat transitional rate. Ukraine should negotiate for the same flexibility – the right to complement EU direct payments with nationally funded top-ups during the transitional period, so that producers receive meaningful support from the first year of accession rather than waiting for the phase-in to reach full rate.
2. **Negotiating transition period terms that reflect war damage and reconstruction costs.** Standard phasing-in arguments in previous accessions focused on GDP differentials and administrative readiness. Ukraine's situation adds a further dimension: agricultural producers have sustained direct asset losses, faced higher input costs, and operate on reduced land bases due to occupation and contamination. Ukraine should make the case that its transition period and national top-up entitlements should reflect these additional structural disadvantages, not only the standard convergence logic.
3. **Insisting on investment instruments as a central element of the accession package.** Direct payments stabilize income but do not rebuild infrastructure, processing capacity or logistics. Given the scale of war damage and the investment required to align with EU standards, Ukraine should negotiate for a substantial rural development and investment support envelope as part of its CAP integration, weighted toward reconstruction, modernization and institutional capacity-building rather than area-based transfers alone.
4. **Engaging actively in the design of capping and anti-circumvention rules.** The EUR 100,000 per-farm payment ceiling will have a large fiscal effect on Ukraine's agroholding sector only if it is designed to cover related entities and prevent circumvention through corporate restructuring. Ukraine's negotiating position on this point will be watched closely by existing member states. Ukraine should proactively support effective anti-concentration rules, including spatial monitoring at the local level. This is also in the interest of Ukraine's own small and medium producers, who benefit from a payment system that does not concentrate support among a handful of large operators.

7.3. RECOMMENDATIONS FOR POLAND

At the national level, the priority is to prepare Polish agriculture—and especially its weakest links—to operate in a market that will include Ukraine:

1. **A shift in support toward value-added products and niche markets.** Poland's competitive advantage does not lie in the production of bulk raw materials—where Ukraine is cheaper—but in processing, quality, and products with higher added value. National policy should prioritize specialization, organic production, soft fruits, vegetables, and regional products, as well as investments that increase added value at the farm level.
2. **Targeted support for smaller farms, rather than blanket alarmism.** Family farms engaged in standard crop production are the most vulnerable. They need programs to help them find a place in the market—for example, in labor-intensive production that uses labor resources, in horizontal integration, and in on-farm non-agricultural activities.
3. **Strengthening producer organizations and the farmer's position in the production chain.** Fragmentation weakens the bargaining power of Polish farmers. Financial and advisory support for producer groups and organizations improves their ability to negotiate prices and terms of sale, providing cheaper, more sustainable protection than ad hoc subsidies.
4. **Modernization, innovation, and precision agriculture that are accessible to smaller farms.** National and EU funds should facilitate access to modern technologies, irrigation, storage, and precision agriculture for smaller farms as well, so that they do not fall behind their large-scale competitors.
5. **Expanding the use of geographical indications and promoting domestic food products.** Granting protected designations to a greater number of Polish products and actively promoting domestic food products in retail and among consumers are measures consistent with EU law that effectively protect traditional products from anonymous, cheaper competition.
6. **Leveraging Poland's role as a bridge to Ukraine.** Instead of viewing Ukraine solely as a threat, Poland should deliberately position itself as a transit, logistics, and advisory hub. Polish ports, Poland's expertise in adapting to the CAP, and Poland's food processing sector are assets that can generate revenue if the relationship is structured as a partnership. Knowledge transfer, consulting, and adaptation models should be directed specifically toward Ukraine's individual and family farm sector, rather than to Ukraine as a whole, because it is precisely this sector that is a natural ally of Polish agriculture.
7. **Preparing the national budget for the re-nationalization of support.** As the real value of EU funds declines and pressure on the CAP budget increases, Poland must anticipate the future need for greater co-financing of agriculture from the national budget and plan for this in advance, rather than under the pressure of another crisis.
8. **Protection against the takeover of land and infrastructure by agro-holding capital.** In the context of the liberalization of the Ukrainian and EU agricultural land markets, Poland should develop instruments to protect domestic land, processing facilities, and infrastructure from being bought up by large, often foreign-funded agroholding entities, so that the benefits of integration are not captured by concentrated capital. Monitoring land ownership structures and concentration should become a permanent feature of agricultural policy.

A single idea unites all these actions. Ukraine's accession will be a test of Poland's agricultural policy maturity. We could fail this test by turning real, solvable problems into fuel for protests. Or we could pass it by, drawing on our own experience of accession to forge a relationship with Ukraine in which Poland defends its smaller farms while also capitalizing on what it does best.

ANNEX

Structure of agricultural sector enterprises by type of activity and size in 2024

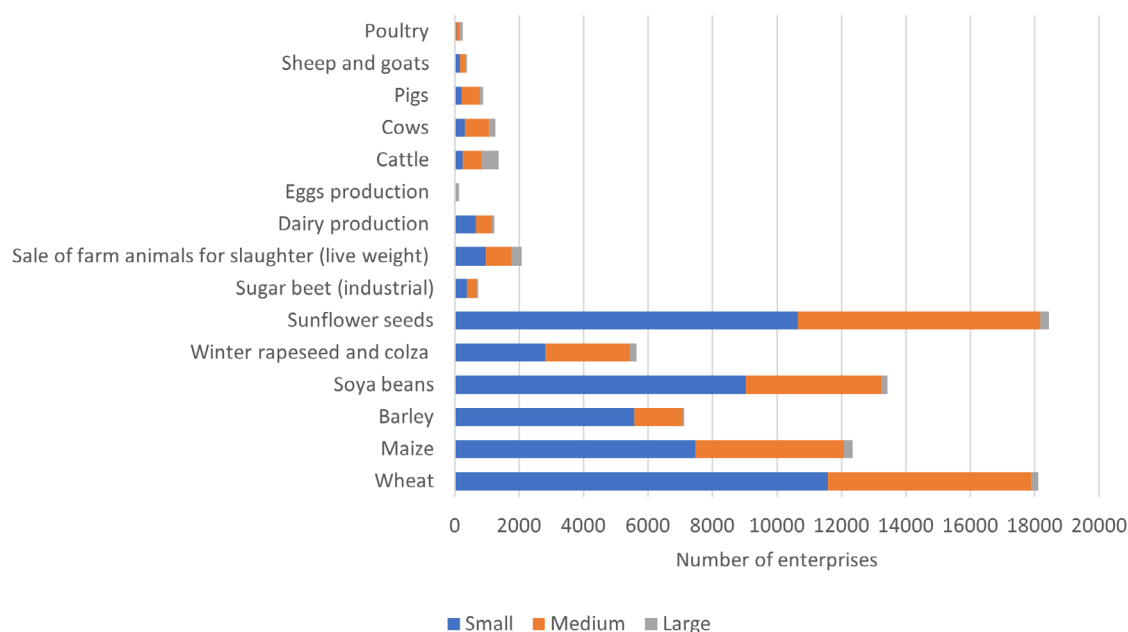


Figure A1. Number of agricultural enterprises by main product and enterprise size, 2024. Values are counts of enterprises, not production volumes; production volumes for the same product categories are given in the table below. Size classes are aggregated by the authors from the size bands published by the State Statistics Service. Small covers enterprises harvesting up to 100 hectares of the crop concerned; large covers the Service's top band, which is over 2,000 hectares for wheat, maize, soya beans and sunflower seeds but over 1,000 hectares for barley, rapeseed and sugar beet; medium covers the bands in between. For livestock products the bands are defined by output rather than area and differ again by product, with only two bands published for eggs, which is why no medium value is shown for that row.

Source: summarised by the authors based on https://ukrstat.gov.ua/operativ/operativ2019/sg/grup_sg_pidpr/arch_grup_u.htm and https://ukrstat.gov.ua/operativ/operativ2019/sg/grup_sg_pidpr/arch_grup_sg_kilk_tv_u.htm

Volumes of agricultural production by size of agricultural enterprises, 2024

	Small	Medium	Large
Wheat, thsd. tonnes	1 623,5	12 829,5	3 665,4
Maize, thsd. tonnes	1 517,5	13 029,4	8 337,2
Barley, thsd. tonnes	584,8	1 622,4	647,3
Soya beans, thsd. tonnes	703,9	3 692,0	1 910,7
Winter rapeseed and colza, thsd. tonnes	328,0	2 101,1	1 146,1
Sunflower seeds, thsd. tonnes	820,4	6 798,1	2 079,8
Sugar beet (industrial), thsd. tonnes	1 008,0	4 763,2	6 656,5
Sale of farm animals for slaughter (live weight), tonnes	1 749,7	136 251	2 262 735
Dairy production, tonnes	177 912	1 605 541	1 201 386
Eggs production, thousand pieces	459,1		5 964 597,2
Cattle, thsd. heads	5,4	129,7	793,0
Cows, thsd. heads	6,8	152,8	223,6
Pigs, thsd. heads	8,3	634,6	2 252,5
Sheep and goats, thsd. heads	6,6	39,5	76,3
Poultry, thsd. heads	50,6	3 637,3	105 945,5

Source: summarised by the authors based on https://ukrstat.gov.ua/operativ/operativ2019/sg/grup_sg_pidpr/arch_grup_u.htm and https://ukrstat.gov.ua/operativ/operativ2019/sg/grup_sg_pidpr/arch_grup_sg_kilk_tv_u.htm

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Photos: Canva.com

**Fonts used: Staatliches,
Poppins**



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