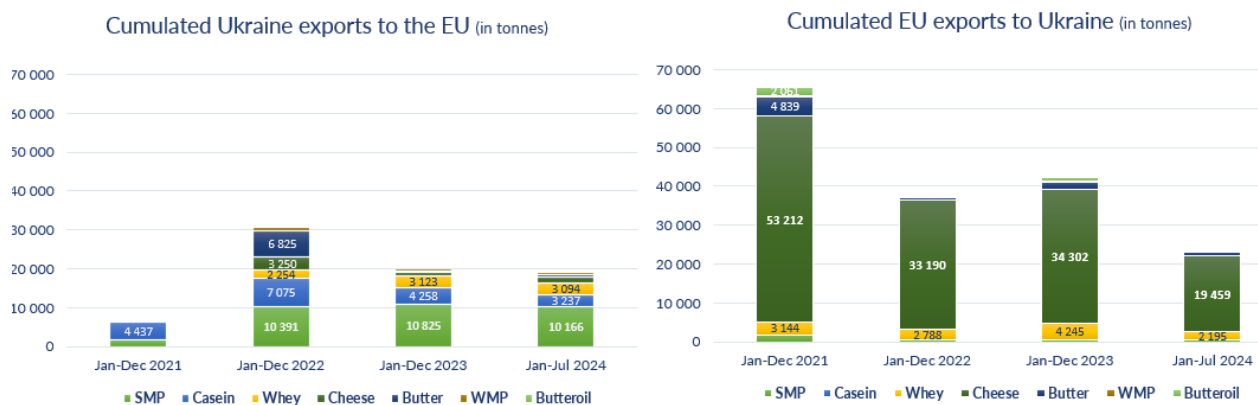


Eucolait supports continued trade liberalisation with Ukraine

Eucolait reiterates support for continued free market access for Ukrainian dairy products under the Autonomous Trade Measures (ATM) regulation and further calls for full reciprocal duty-free access for dairy between the EU and Ukraine. Eucolait has been a staunch supporter of the ATMs since they first entered into force in 2022. We see permanent tariff liberalisation as the logical next step in the integration of Ukraine's dairy sector into the European market.

Before Russia's invasion, the EU had a considerable dairy trade surplus with Ukraine, owing to the large quantities of European cheese exported there. The picture has changed due to the war's impact on demand and logistics and the ATMs which are facilitating exports from Ukraine to the EU. The effect of the ATMs was most significant in the first months of application, helping Ukraine's dairy sector deal with the initial shock by offering free access to a large market next door at a time when domestic consumption dropped and exports to other destinations were heavily challenged by logistical problems.



While the ATMs have facilitated imports of dairy products from Ukraine, the overall impact on the EU dairy market has been minimal. There has been no 'flood' of dairy products entering the EU from Ukraine following the trade liberalisation. The quantities are modest when compared to Europe's production and the volumes going from the EU into Ukraine still exceed volumes travelling in the other direction.

The full-scale Russian invasion has caused significant damage to infrastructure and has severely curtailed opportunities for expansion and development of the Ukrainian dairy sector. It is estimated that it will take another 10 years after the end of the war to take Ukrainian milk production back to the levels seen 10 years ago (before the war in Donbas), subject to sufficient investment. This will be an opportunity for European operators when the reconstruction begins.

Based on this evidence and on the need to support Ukraine's path to EU accession, Eucolait calls on policy makers to work towards permanent and reciprocal tariff liberalisation under Article 29 of the EU-Ukraine Association Agreement, as far as dairy is concerned. With the duty-free access in combination with growing alignment to EU food safety and other standards, Ukraine is already partly integrated into the European dairy sector.

Integration into the EU single market needs to begin well before the date of accession and dairy is a perfect area in which to begin this transition. Such a move would also be a powerful show of support and show of confidence in Ukraine's European future. Serious discussions will need to take place in the months and years to come as regards the future of agricultural policy in the EU and what consequences Ukraine's membership will bring. Nevertheless, market integration can and should continue to be built upon now.