The impact of Ukraine EU-membership on the CAP spending – scenario analysis

- Jyrki Niemi, Research professor

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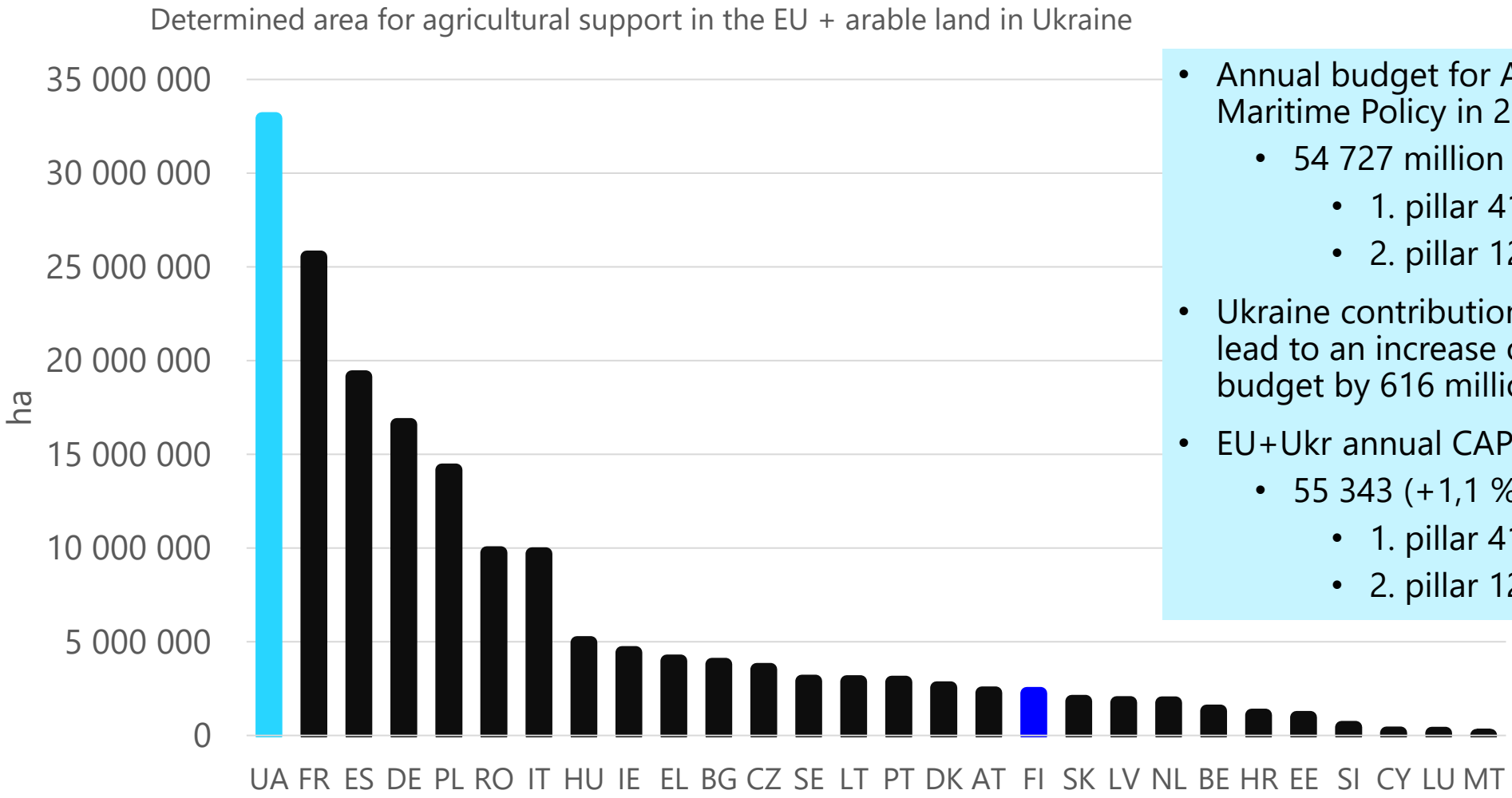
The size of Ukraine's potential CAP allocation is linked to its utilized agricultural area (UAA)



- Annual budget for Agricultural and Maritime Policy in 2023
  - 54 727 million € in total
    - 1. pillar 41 518 million € (EAGF)
    - 2. pillar 12 109 million € (EAFRD)
- Ukraine contribution to EU budget would lead to an increase of the annual CAP budget by 616 million €.
- EU+Ukr annual CAP budget
  - 55 343 (+1,1 %) million €
    - 1. pillar 41 992 million € (EAGF)
    - 2. pillar 12 251 million € (EAFRD)

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

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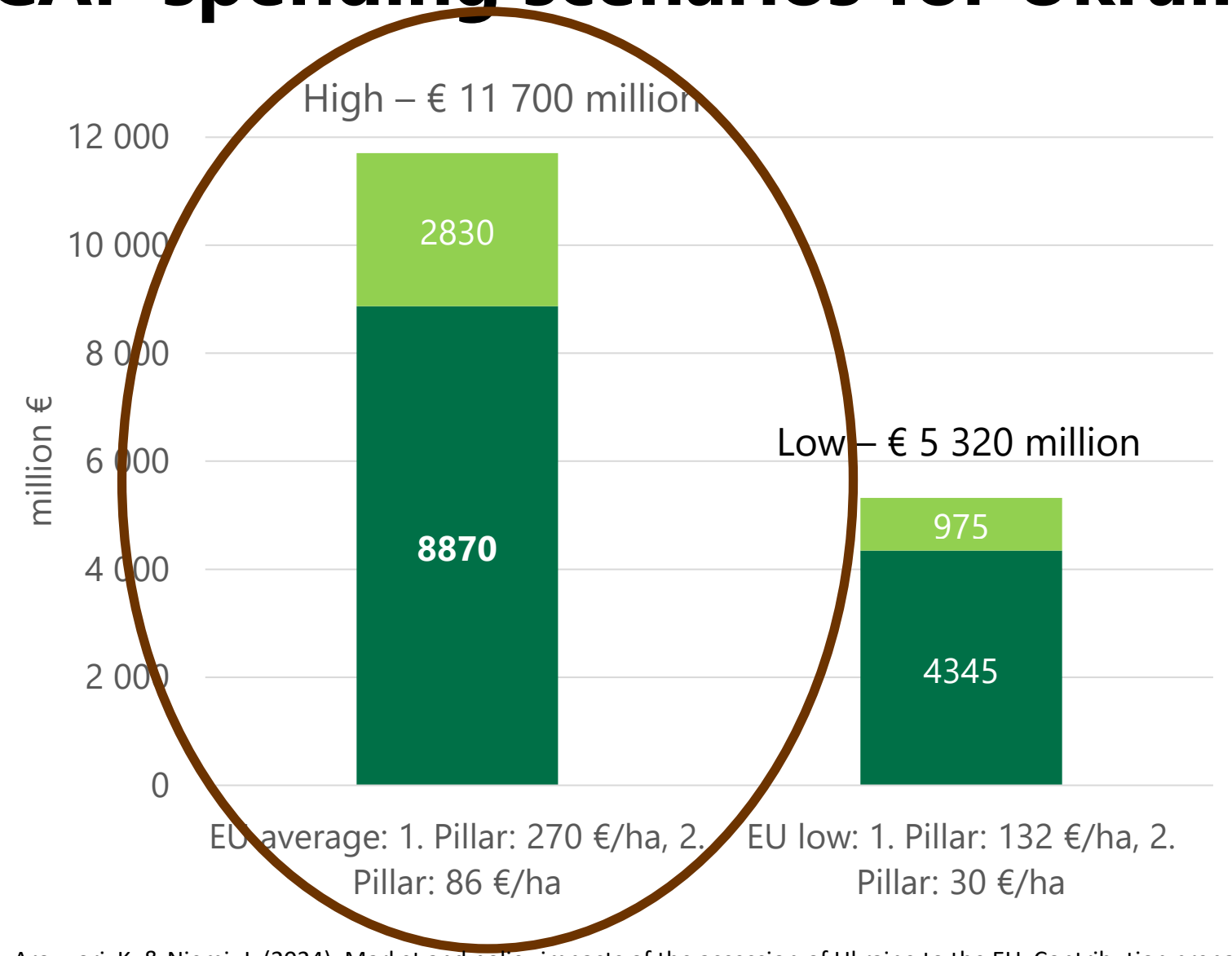
CAP spending scenarios for Ukraine - High



- Assumptions
  - eligible agricultural land 32,9 million ha
- Ukraine agricultural support total under current CAP support levels
  - 5 329 – 11 700 million €
- 1. pillar payments
  - 4 345 – 8 870 million €
- 2. pillar payments
  - 975 – 2 830 million €

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

CAP spending scenario: High (1)

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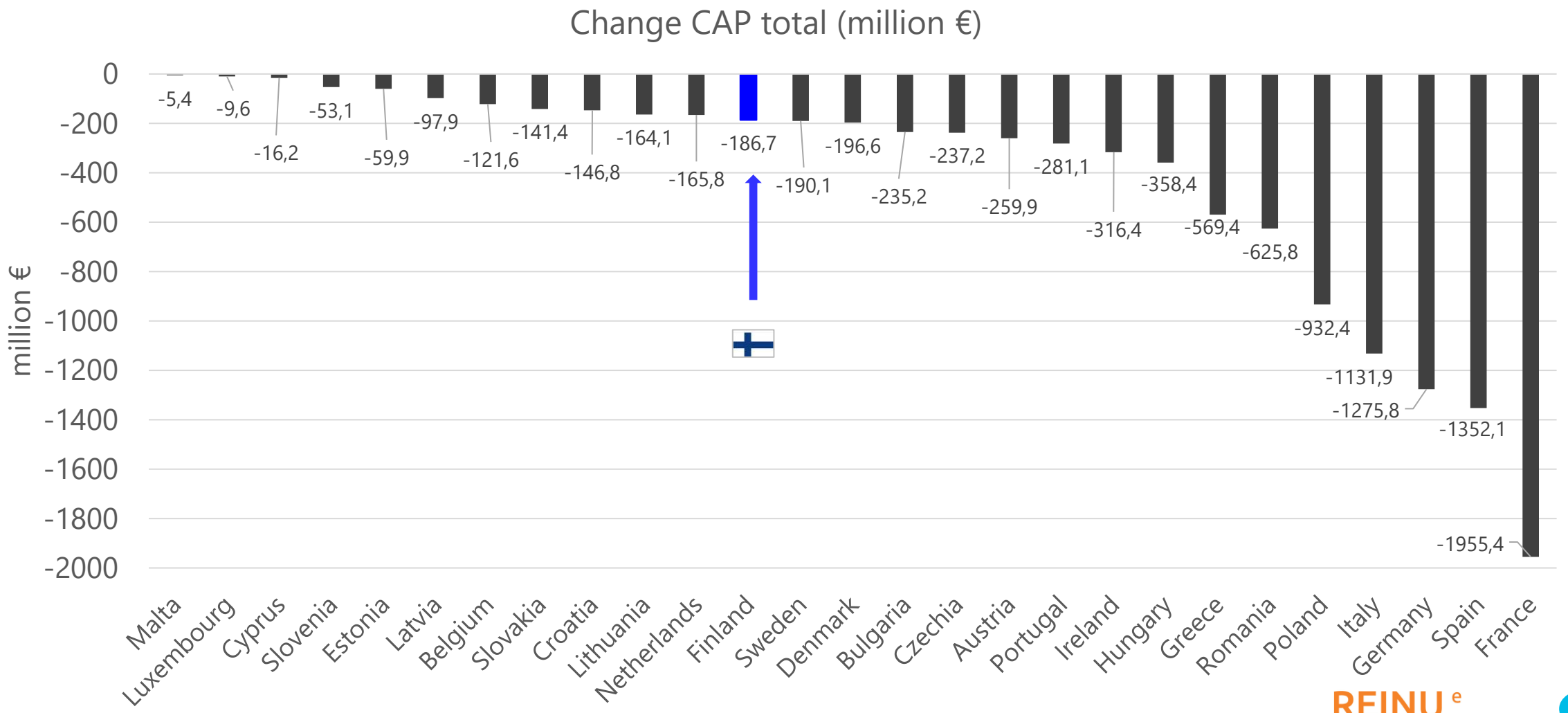

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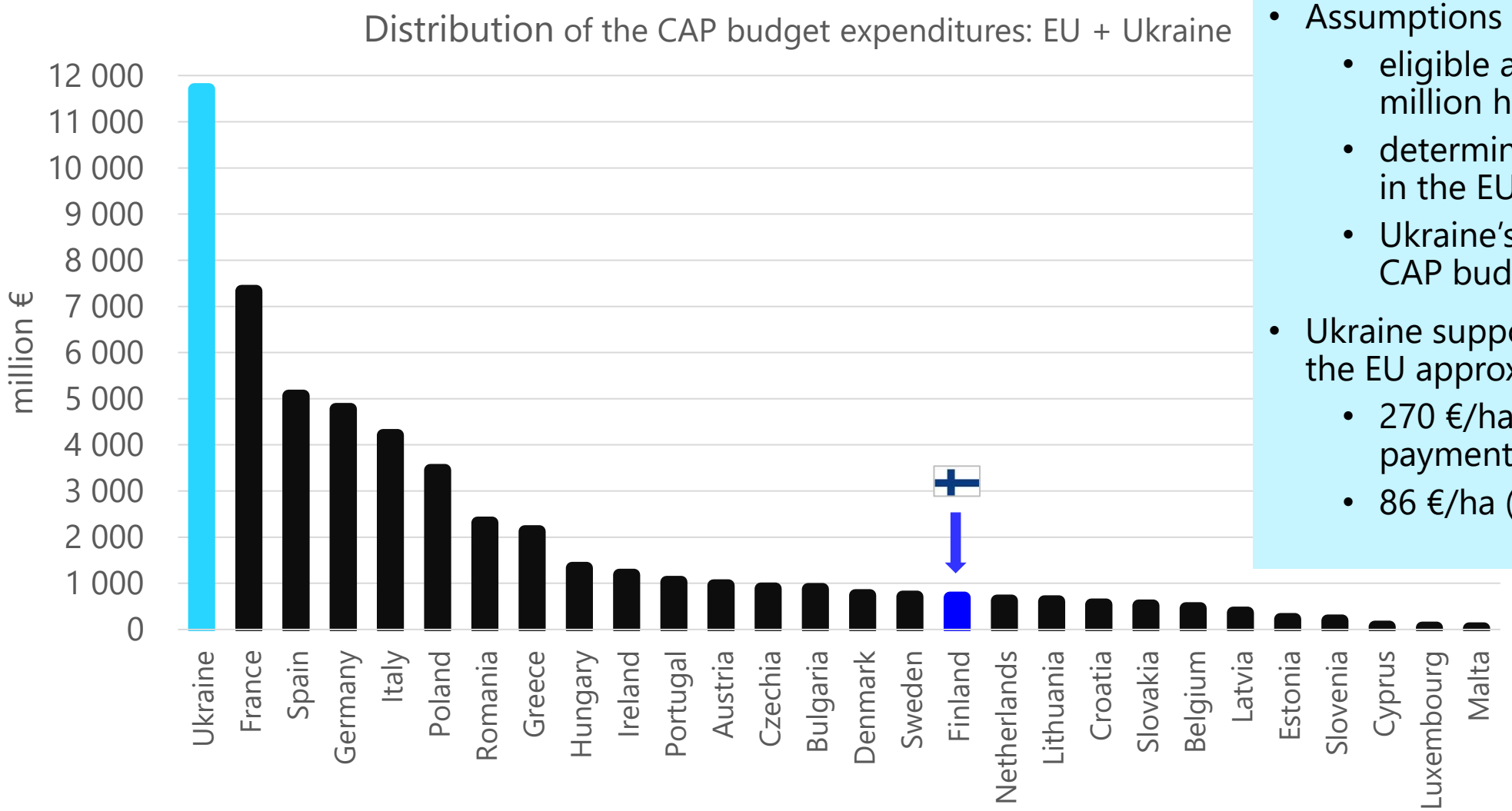
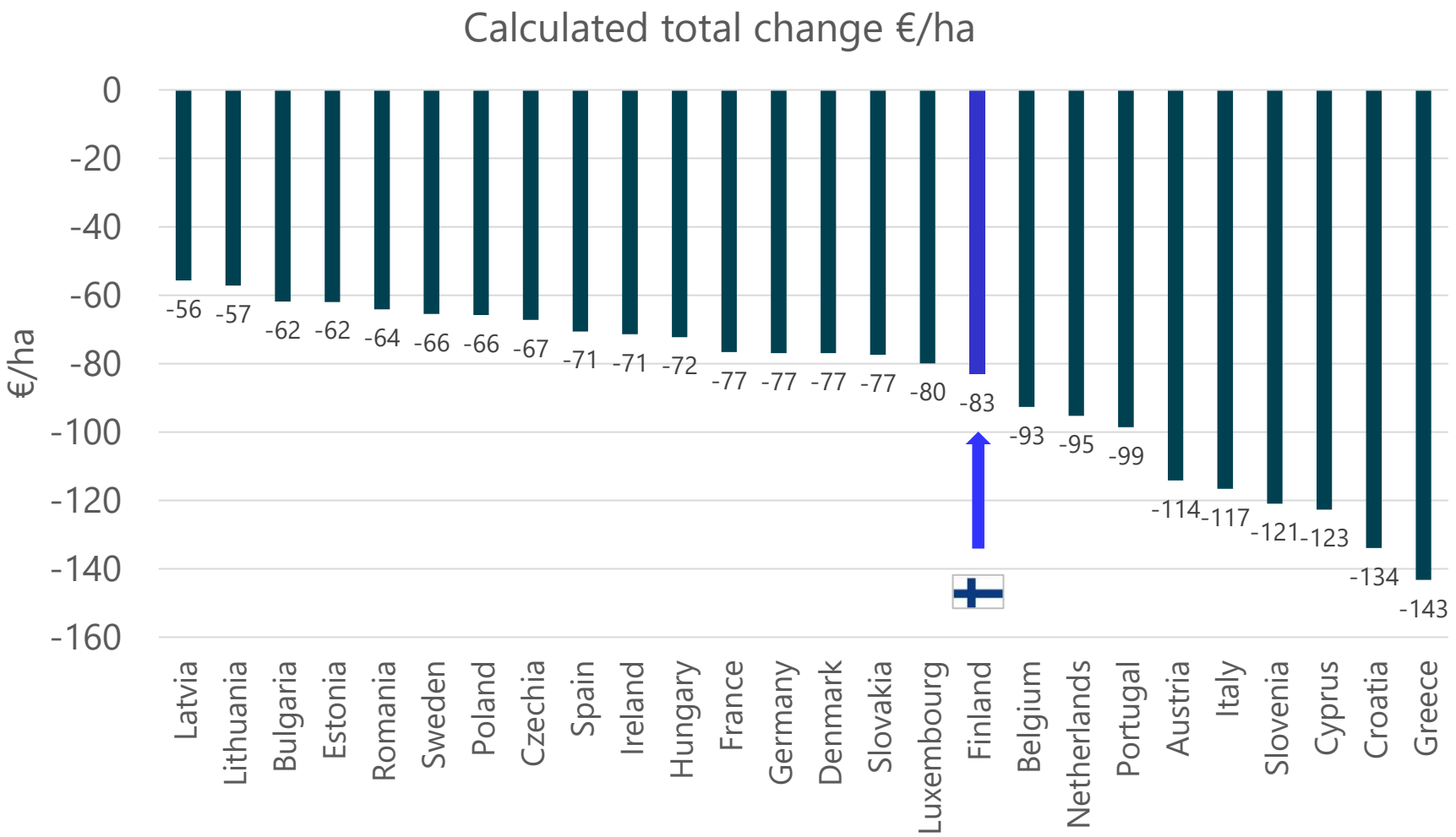
CAP spending scenario: High (2)



- Assumptions
  - eligible agricultural land 32,9 million ha
  - determined agricultural area in the EU-27 countries
  - Ukraine's contribution to CAP budget included
- Ukraine support levels based on the EU approximated average
  - 270 €/ha (1. Pillar direct payments)
  - 86 €/ha (2. Pillar payments)

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

CAP spending scenario: High (3)



- Calculated average
  - total CAP expenditures/determined area eligible for agricultural support

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

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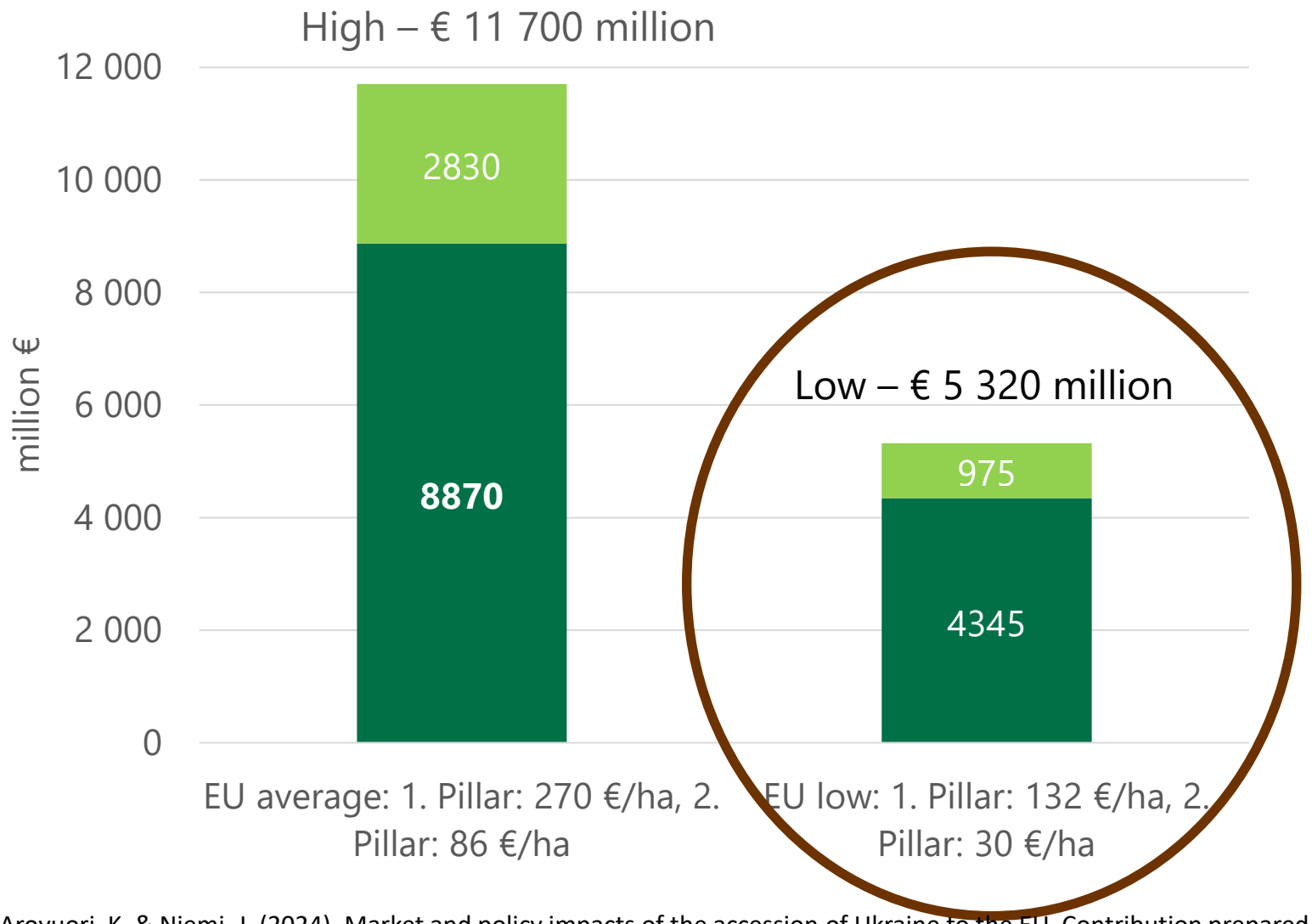
CAP spending scenarios for Ukraine - Low



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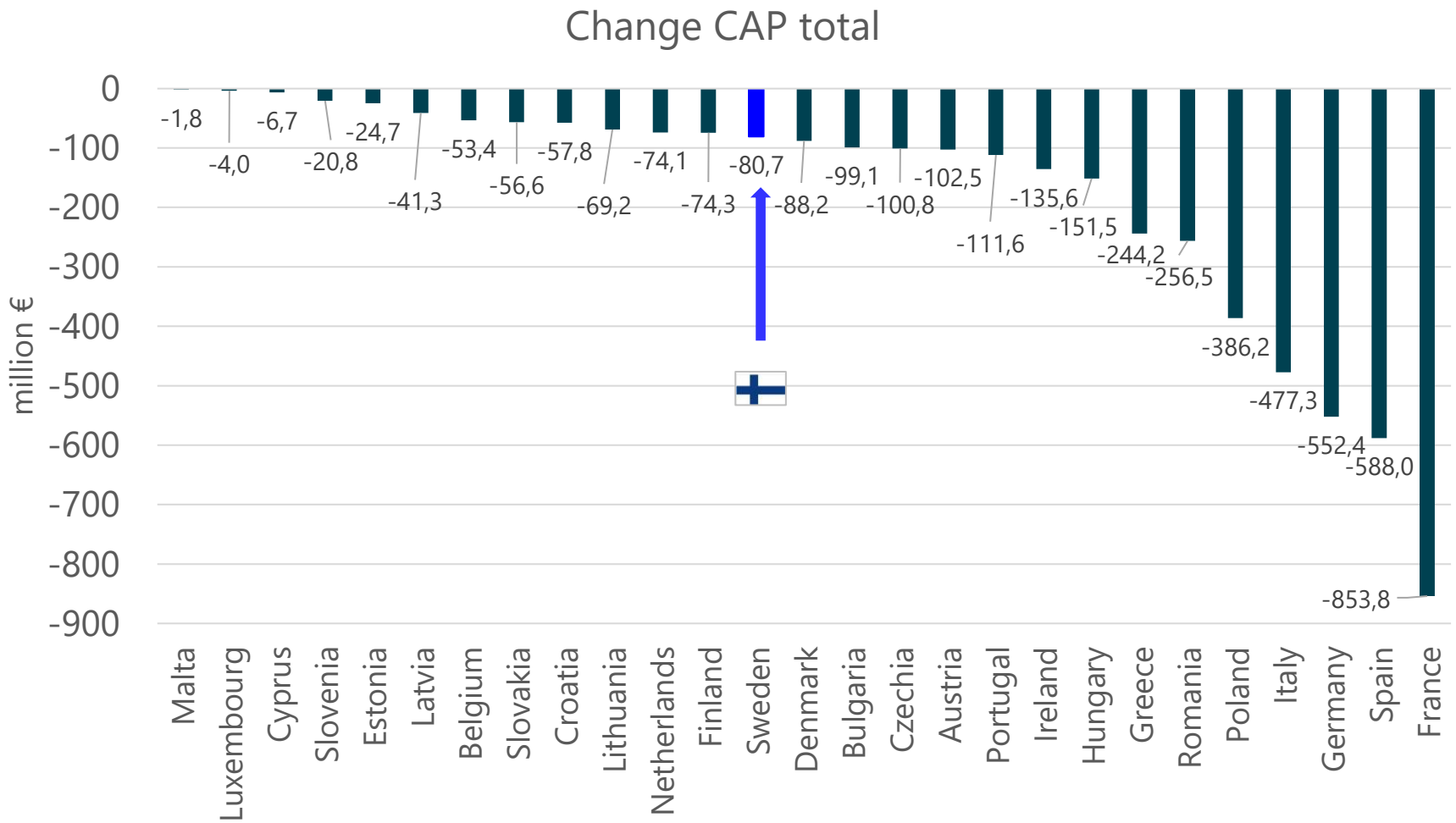
CAP spending scenario: Low (1)



- Distribution of the CAP budget costs due to the Ukraine EU-membership
  - given the current budget structure and CAP spending

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Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

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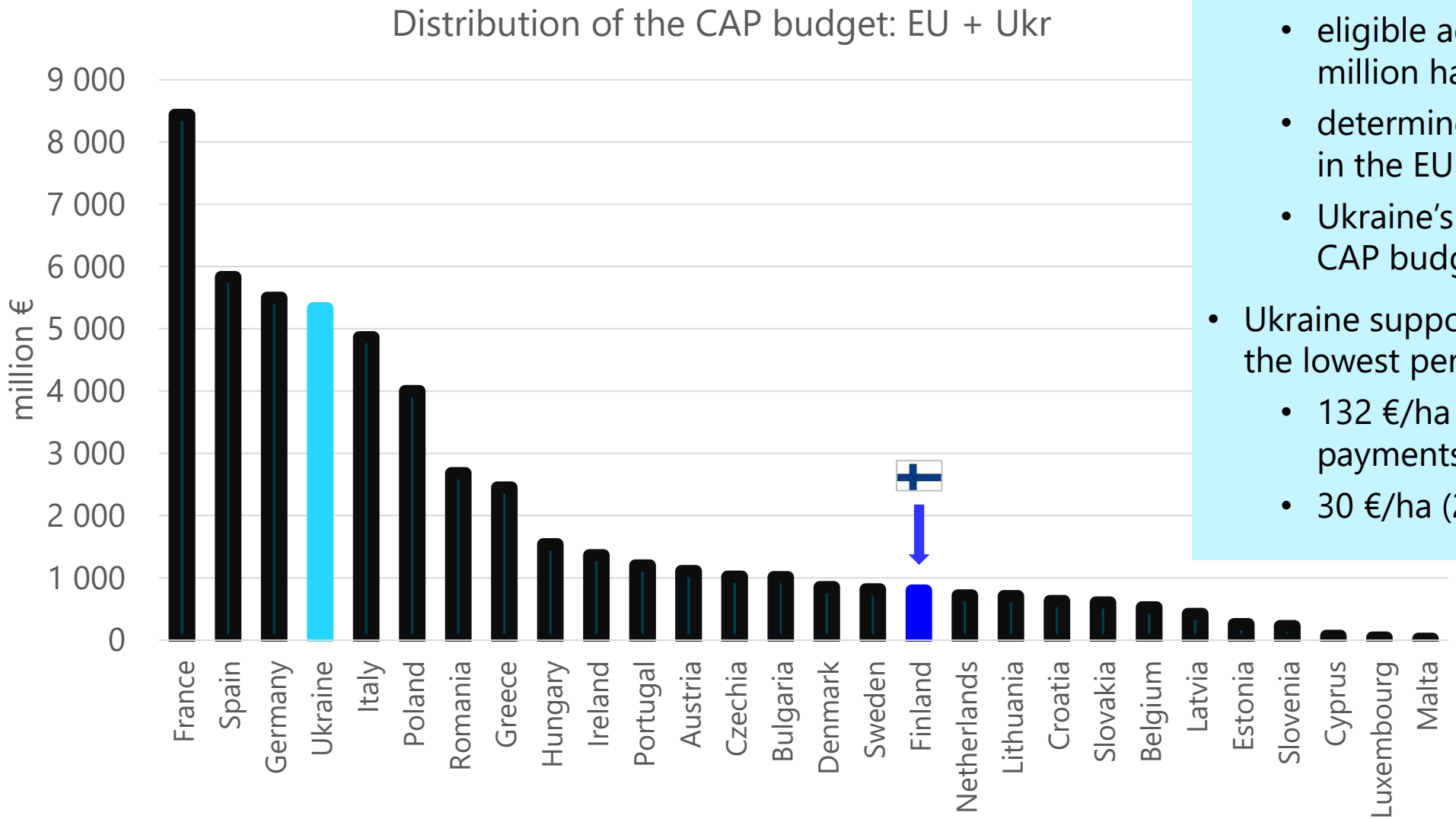
CAP spending scenario: Low (2)



- Assumptions
  - eligible agricultural land 32,9 million ha
  - determined agricultural area in the EU-27 countries
  - Ukraine's contribution to CAP budget included
- Ukraine support levels based on the lowest per hectare EU level
  - 132 €/ha (1. Pillar direct payments)
  - 30 €/ha (2. Pillar payments)

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar "EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets", September 18-20, 2024, Warsaw, Poland

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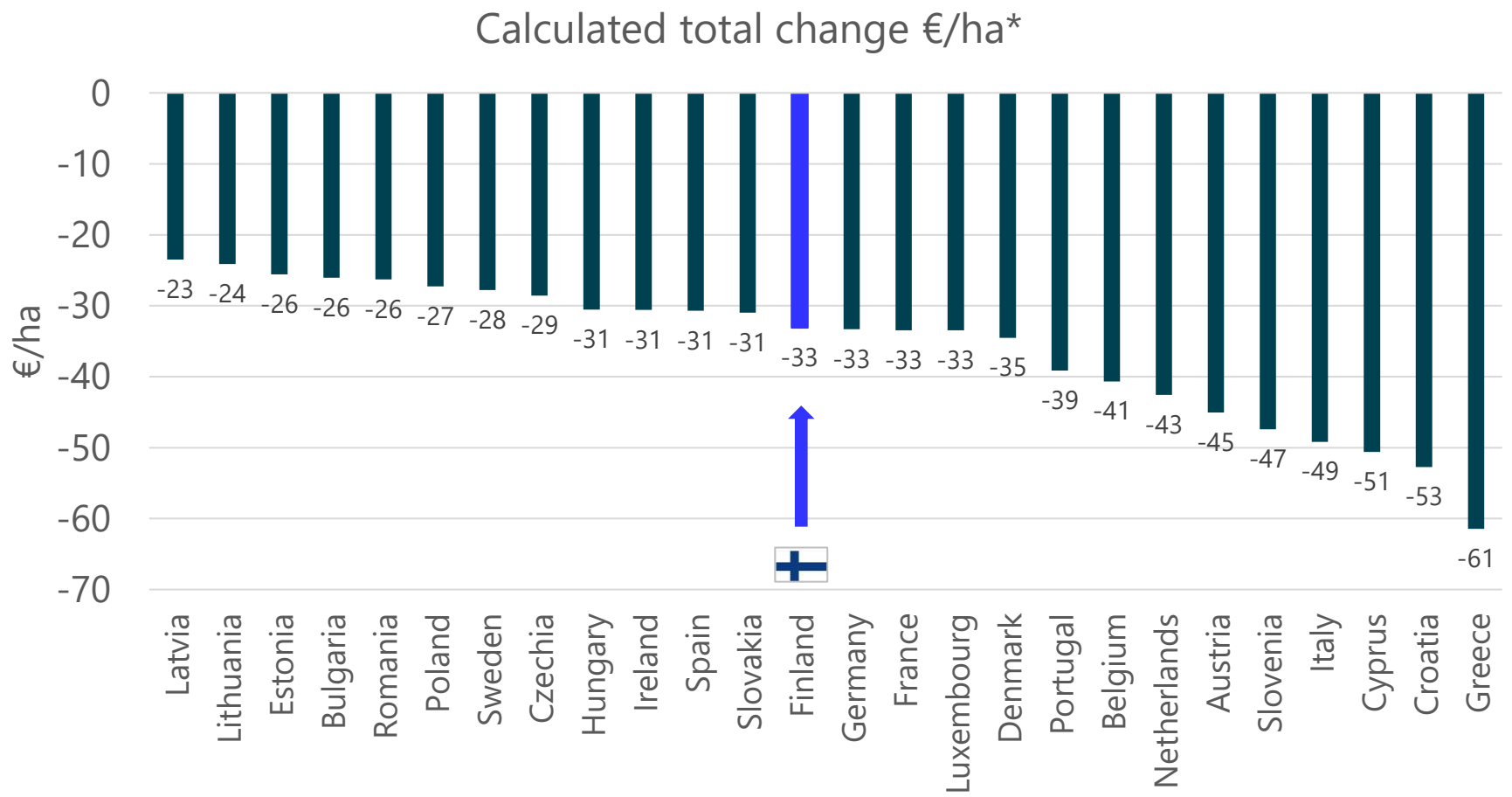
CAP spending scenario: Low (3)



- Calculated average
  - total CAP expenditures/determined area eligible for agricultural support

Source: Arovuori, K. & Niemi, J. (2024). Market and policy impacts of the accession of Ukraine to the EU. Contribution prepared for presentation at the 189th EAAE Seminar “EU enlargement by (post-)war Ukraine: Implications for the Agri-Food Markets”, September 18-20, 2024, Warsaw, Poland

Jacques Delors Centre (2023): Financial implications of the next enlargement

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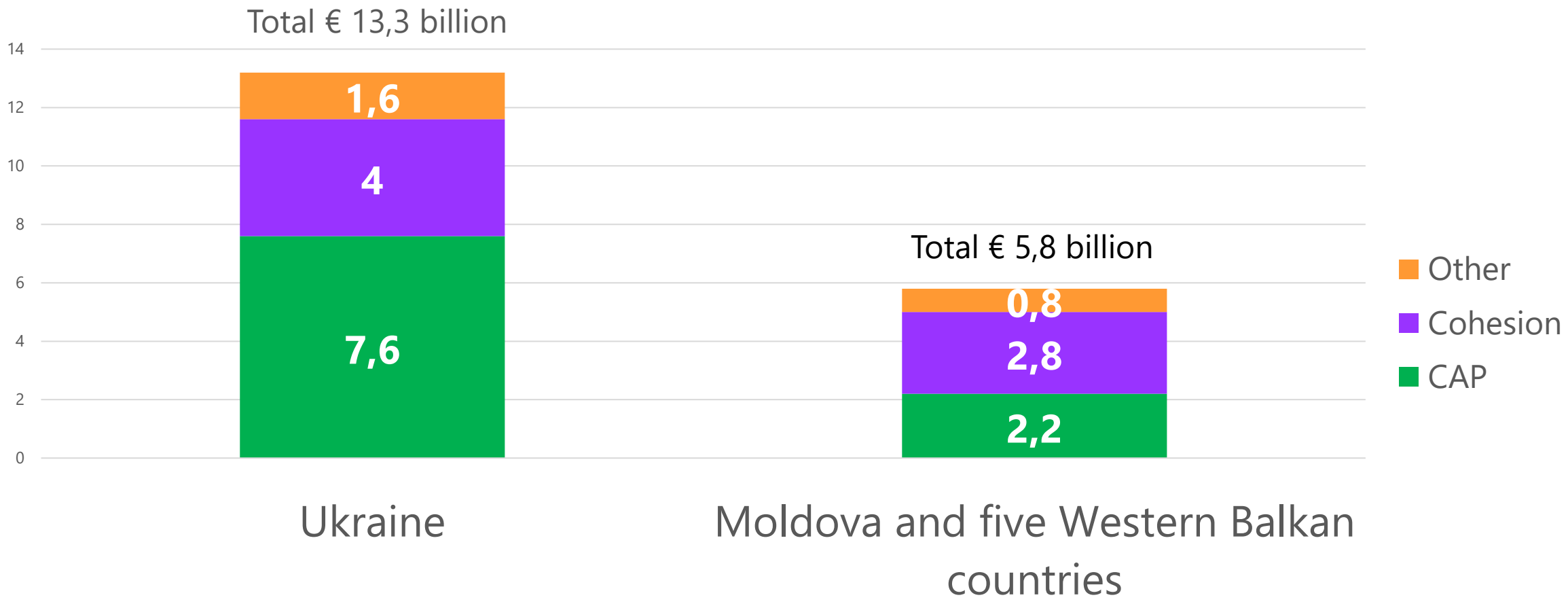

Source: Lindner, J., Nguyen, T. Hansum, R. (2023). What does it cost? Financial implications of the next enlargement. Visions for Europe, Hertie School, Jacques Delors Centre.
https://www.delorscentre.eu/en/publications/financial-implications-of-the-next-enlargement

Annual net balances with Ukraine, Moldova, Bosnia and Herzegovina, North Macedonia, Montenegro, Albania and Serbia as new members state (if no threshold are applied)

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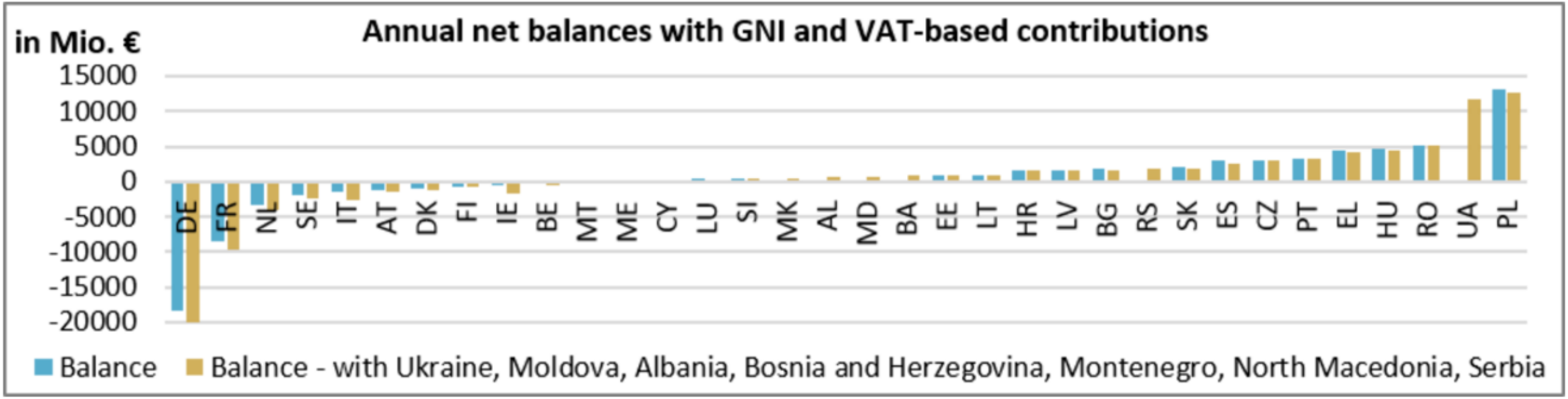

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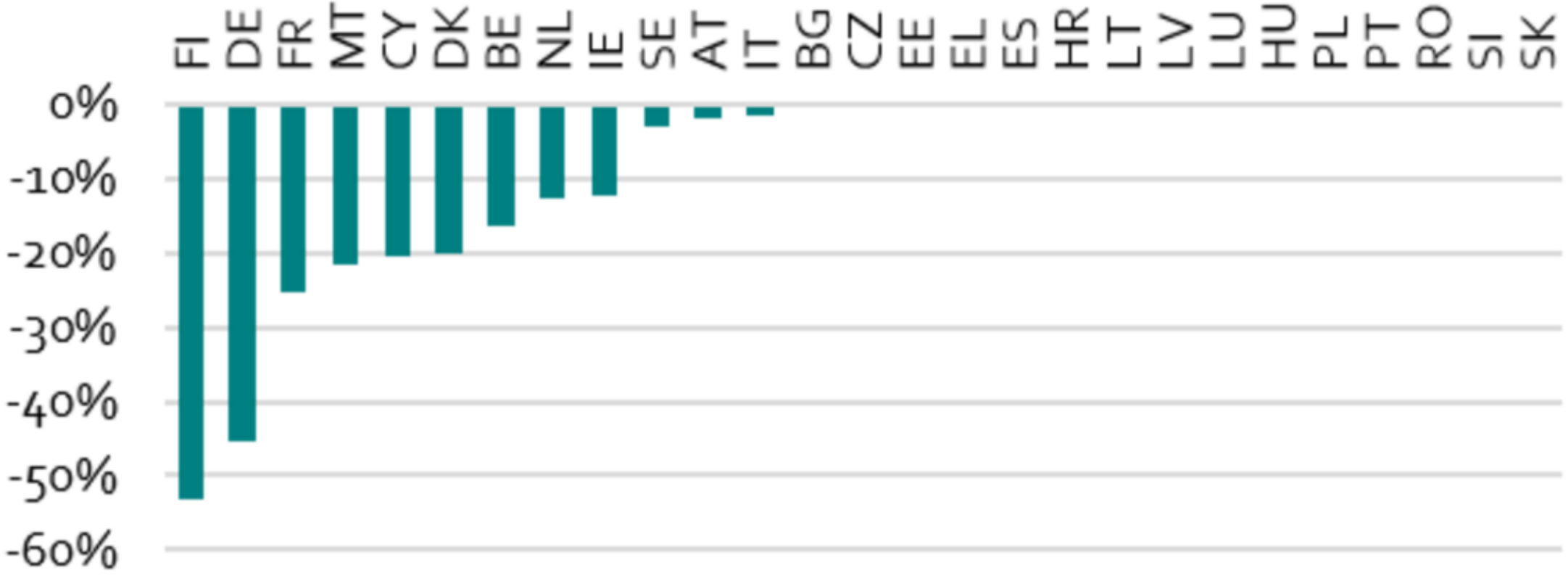
Changes in ESF+/ERDF/Cohesion Fund allocations with Ukraine as a new member state (if no threshold are applied)



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