

Speech by Iurii Mykhailov at this year's ENAJ General Assembly on October 7 in Baschi, Italy

The background

The war in Ukraine has been raging for more than two and a half years: on February 24, 2022, Russian troops invaded Ukraine.

During this time, hundreds of thousands of soldiers and civilians have died in Ukraine. According to some estimates up to 6.5 million people, primarily women with children and elderly people, left Ukraine in the direction of Western Europe, the United States, and Canada. Add to this figure 3 million Ukrainians that worked abroad before the war but are reluctant to return to Ukraine. Thus the population of Ukraine decreased by around 10 million people so far. It is estimated that the current population of Ukraine is about 28 million.

Every day, shelling continues around the clock of the entire territory of Ukraine with artillery shells, UAVs, ballistic, gliding bombs and cruise missiles. Every day, people die, while the number of wounded is by order higher.

Since the beginning of a full-scale war 128 Ukrainian farmers have been blown up with explosives, first of all mines.

Several times a day, an air raid alarm is announced throughout Ukraine, which can last for several hours. Recently, one of my friends visited the city of Kharkov on family business and told me that in Kharkov, due to constant shelling, there are days when the air raid alarm lasts for one and a half to two days. In Kyiv, the situation is a little better since it is protected by a multi-layered air defense system. Nevertheless, some of the missiles and UAVs still reach Kyiv and can either hit some objects or debris from shot down targets fall to the ground causing damage. Recently, Russia launched missile attacks on a specialized hospital for seriously ill children in Kyiv and the hospital for the mentally disabled seniors in Sumy.

The situation is aggravated by the fact that when Russia launched hypersonic missiles the air raid alarms may lag far behind.

All over Ukraine, due to this war fatigue, people don't care about air raid alerts and continue to live as if it were peacetime. This is partly due to the almost complete lack of equipped bomb shelters, and the fact that people have already gotten used to it and cannot run to these shelters, provided there are ones nearby, several times a day, especially at night. In most cases, people are advised to use nearby underground street crossings as shelters. However, these underground passages are often not large enough to accommodate people from nearby residential areas. In addition, there are no utilities in the underground passages, such as toilets and access to water. If in the summer one can use the underground

passage as shelter, although there are no places to sit and one has to stand, this problem is exacerbated in the cold winter.

Therefore, in most cases, the population completely ignores these air raid alerts.

On the other hand, in Kyiv by order of the city authorities, ground municipal public transport is prohibited from transporting passengers during air raids that causes huge problems for Kyivites especially in the mornings and evenings. If the air raid alert is close to a curfew people may be stuck up somewhere through the entire night. It is possible to take a taxi at this time though but it inevitably causes a significant additional cost.

During air raids, large shopping malls are required to shut down and evacuate customers. However, often due to the fact that there are no bomb shelters nearby, people, including mall personnel, stay nearby in the open air.

The problems of Ukrainians associated with the war are aggravated by the fact that Russia has destroyed almost all balancing generating capacities for electricity production. Russia continuously targets Ukrainian electricity infrastructure like power stations, transformers and distribution systems. 27.5 percent of Ukrainian power generation was lost.

As a result, in order to ensure the operation of critical enterprises such as transport and industry, the government introduces planned and emergency power outages throughout the country. Consumers are divided into several priority groups. Planned power outages can last from 4 to 7 hours several times a day. So some customers may be without electricity for up to 15 hours during a day. Ukrainian authorities warn that because of Russian efforts to destroy the Ukrainian power infrastructure the outages in the coming winter may be 20 hours a day.

People living in multi-story apartment buildings find themselves in a particularly dire situation. During a power outage in such buildings, elevators and electric ovens do not function, and there is no water supply or sewerage on the upper floors. This creates serious problems for the elderly and women with small children.

The problem of air raid alerts and power outages creates very difficult conditions for companies that allow their employees to work remotely. Such employees are often unable to get to the offices due to air raid alerts, and at the same time they cannot work from home due to frequent power and internet outages.

This has also greatly affected the work of agricultural journalists: many female journalists have left the country, some male journalists have been drafted into the army, offices have been closed in most cases, the volume of advertising in agricultural media has fallen, as a result of which many agricultural publications have cut employees or even gone bankrupt. Most of the agricultural media stopped their

printed versions and are now available only online which, naturally, put a significant pressure on typographies.

Many business and government representatives complain about the shortage of qualified employees, since many of them have either migrated to other parts of the country and even abroad or have been drafted into the Ukrainian armed forces.

This problem has also affected agriculture. Managers of agricultural enterprises complain about the shortage of machine operators, milkmaids, drivers, and so on.

The environment problems

Estimated damage to the environment caused by hostilities exceeded 60 billion euros. Just for comparison, Latvia's GDP in 2022 (around 40 billion euros) is less than the damages caused to Ukraine by war.

90 percent of fires which occur through artillery fire, missile attacks and drone attacks are caused by military actions.

Greenhouse gas emissions due to combat actions and fires are estimated to be 78.8 million tons of CO₂. Also about additional 24 million tons of CO₂ emitted to the atmosphere due to increased fuel consumption by aircraft since the ban on flights over the territory of Belarus and Russia.

Destruction of the Kakhovskaya hydro power plant dam caused an ecological disaster for Ukraine and neighboring countries in the Black Sea. This damage includes temporary water desalination, algae growth and a drop in oxygen levels, thus the plague of fish. Kakhovka reservoir is gone forever.

The water from the Kakhovka reservoir was used for irrigation of 584 thousand hectares of agricultural lands in southern Ukraine and to supply 700 thousand people with drinking water.

The agriculture problems

The value of destroyed assets is \$10.3 billion, which is 18% more than was estimated in April 2023. The largest category of asset losses is damaged and destroyed agricultural machinery, accounting for \$5.8 billion, or 56.7% of all losses. About 181,000 units of agricultural machinery and equipment were partially damaged or completely destroyed.

The estimated damage caused by the theft or destruction of already produced commodities is 1.9 billion euros, losses due to damage to granaries – 1.8 billion euros, damages caused to perennial crops – 400 million euros, to animal husbandry – 260 million euros, and aquaculture and fishing – 36 million euros.

8.0 million hectares of fields in Ukraine are mined.

During the full-scale war, Ukraine became the most mined country in the world. 30 percent of the territory of Ukraine should be checked for mines. This area is comparable with the size of Switzerland. The demining with available resources will take up 757 years.

The hope of joining the EU

The damage to industry and the environment from military actions on the territory of Ukraine is estimated at hundreds of billions of euros swiftly closing to one trillion euros.

Ukraine is counting on joining the European Union and NATO, which will allow it to use the advantages of the EU economy and attract funds for the restoration of Ukraine.

Ukraine pursues two goals in joining the EU: firstly, as a means of strengthening its defense against further Russian aggression, and secondly, as means of obtaining budget support from the EU.

However, there are big obstacles on the way for Ukraine to join the EU.

First of all, there are very serious concerns about the level of corruption in Ukraine.

On July 29, 2024, Foreign Policy magazine published an article titled "Ukraine Is Still Too Corrupt to Join the West".

Here is a short quote from the article:

"Ukraine's strategy of defeating Russia by joining the West's political community and security institutions has been undermined by its continued struggles with corruption, a problem that is still far beyond Western standards. The issue extends to the center of the Ukrainian state.

Top judges, politicians, and officials have faced corruption charges, and the Ministry of Defense has been at the heart of many corruption scandals, such as procuring overpriced eggs and winter jackets, buying 100,000 mortar shells that were never delivered, or accepting bribes from men who wanted to escape conscription.

Transparency International ranked Ukraine at 104 out of 180 countries in the corruption index for 2023, far worse than members of the European Union whom Ukraine wishes to join as an equal. Denmark was ranked as the least corrupt, Germany at No. 9, Estonia at No. 12, and France at No. 20."

Another concern is related to the difference between Ukrainian and European agricultural structures. The main contradiction in the discussions is the different interpretation of the concept of a farmer in the European Union - a farmer is a person who personally cultivates the land for a living. In Ukraine, the concept of a farmer in discussions with foreigners often means both private individuals as well as large corporations. In Ukraine, there are more than 100 enterprises cultivating more than ten thousand hectares of land. The average farm in Ukraine cultivates up to two thousand hectares of land compared

to, for example, neighboring Poland, where the size of a farm is 11 hectares, with the average size of a farm in the EU of about 18 hectares.

EU countries fear that the difference in economies of scale puts European farmers at a serious disadvantage. As a result, the influx of agricultural products from Ukraine could cause mass bankruptcy of European farmers and their families. European politicians also point out that funds to support agriculture in the EU are primarily directed for small and medium-sized European farmers. They fear that if Ukraine joins the EU, funds directed to Ukrainian agriculture will go into the pockets of owners of large agricultural enterprises, and not to small and medium-sized farmers.

According to European experts, if the current subsidy policy is extended to Ukrainian producers, the EU agricultural budget will have to reach tens or even hundreds of billions of euros.

Payments within the framework of European agricultural policy account for 40% of the entire EU budget. Moreover, payments are proportional to the area, that is, the larger the area cultivated in agriculture of the state, the greater the payments. Here the question arises of the fairness of the distribution of these payments within the state, in this case within Ukraine, where there are producers cultivating areas of tens and hundreds of thousands of hectares.

Under these conditions, it is absolutely fair to assume that large agricultural producers in Ukraine do not need subsidies.

Ukrainian agriculture is skewed towards crop production: the main agricultural products in Ukraine are corn, wheat, soybeans, sunflower, while the livestock sector is still in an underdeveloped state.

Another problem for Ukrainian agriculture is the extremely uneven distribution of income. Within the country, there is a huge layer of bureaucracy, including in the courts, law enforcement agencies, and the government, whose representatives receive huge incomes, while the incomes of people engaged in physical and intellectual labor (for example, teachers, doctors, engineers, utility workers, etc.) are extremely low. In addition, the shortage of labor in agriculture and other sectors of the economy could be compensated for by significantly reducing bureaucracy.

Some doubts

On the other hand, there are doubts in Ukraine about how beneficial it will be for Ukraine to adopt other goals of the European Union, such as a green transition and combating climate change.

The Ukrainian agricultural business believes that the EU agricultural policy is outdated and should be updated. The question is who should adapt to whom: the EU to Ukraine or Ukraine to the EU. Currently,

the EU is in the process of forming a new European Parliament and new bureaucrats responsible for agriculture, and thus the prospects for a new European agricultural policy are not obvious.

If Ukrainian products meet EU standards, then the question arises whether there is a real need to join the EU in light of the fact that European agricultural policy is moving in a green direction, for example, giving up meat.

There is also an example of some European countries that have association agreements with the European Union, but which do not want to be full members of the European Union. These include Iceland, Norway and Switzerland. The United Kingdom recently left the EU.

Given the different economic strengths of the EU and Ukraine, it can be expected that Ukraine's accession to the EU will require significant concessions to the demands of the European Union. For example, there are already a number of agreements between the EU and Ukraine, but revising or adopting new agreements will require many years of negotiations.

The prospects

Over the past two and a half years, people all over Ukraine have become tired of the war: currently, up to 50% of Ukrainians believe that the war must be stopped even if the territories captured by Russia are ceded. And this is a very bad sign.

Even if there will be some truce between Ukraine and Russia it doesn't mean that the war is over. Russia included five of the Ukrainian regions, namely Crimea, Luhansk, Donetsk, Zaporizhzhia and Kherson, into their constitution even if big parts of these regions are currently under the control of Ukraine. This means that in any time in future likely in 3-5 years Russia may renew her aggression claiming all the above mentioned territories. That time the casualties will be in millions.

It must be emphasized that if Ukraine fails, the next immediate victims will be Moldova, Georgia. Most military experts agree that for Russia it would take just one day to occupy Moldova and up to three days to occupy the Baltic states. One must remember that Russia desperately needs the land corridor to its Kaliningrad enclave on the Baltic sea.

Add to this the extreme unwillingness to accept Ukraine into the EU and NATO by some countries, namely, Hungary, Slovakia, Turkey and possibly Austria and we come to a very dark prospect for peace in Europe in the near future.

The only way to dodge this gloomy scenario is to give Ukrainians promptly as many weapons as possible and as fast as possible.

Certainly it costs a lot. But otherwise it will cost Europe hundreds of times more.

Iurii Mykhailov, Ukraine, 7. Oktober 2024