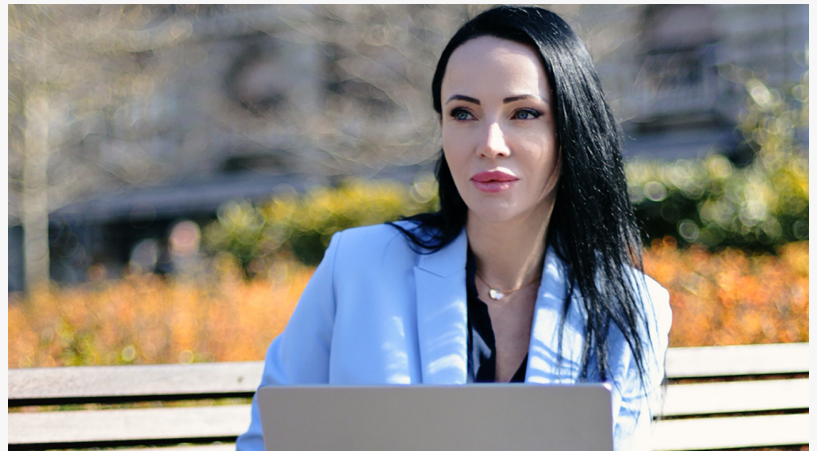


Alona Lebedieva: The US–EU Framework Agreement Is a Blow to Ukrainian Exports

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/EINPresswire.com/ -- The United States and the European Union have signed a historic framework trade agreement. While this may bring geopolitical and security benefits—less money in Russia's hands to fund its war, and a chance that some US weapons may end up in Ukraine—the economic implications are far more complex and, in many ways, challenging.



Alona Lebedieva

“Formally, it’s a deal on tariffs and duties. In reality, it’s about shifting power on the global market. Europe has agreed to buy American energy, microchips, weapons, and agricultural products worth hundreds of billions of dollars. It’s a blow to Russia—but it’s also shock therapy for Europe itself. And for Ukraine, it’s a tough message: we’re not invited to the conversation, yet we will be among the first to feel the consequences—through declining exports, shrinking orders, and a new wave of competition on agricultural markets,” says Alona Lebedieva, owner of the Ukrainian industrial and investment group Aurum Group.

Let’s start with the most important point: the EU has committed to purchasing \$750 billion worth of US energy by 2028. For context, Europe’s total energy imports in 2024 amounted to \$406 billion, of which just \$69 billion came from the United States. “This means Europe must either dramatically increase its imports from the US—by a factor of 3.6—or, more likely, pay more for a smaller volume. How? Through long-term contracts and politically driven pricing. From an economic standpoint, this is loyalty at an extremely high cost,” Lebedieva emphasizes.

Politically, this is undoubtedly a hit to Russia—less Russian oil and gas means less money for war. And that’s good. But let’s be honest: this ‘hit’ also lands on us. Because when the EU pays more for American energy, it looks to save money elsewhere—on manufacturing, investment, and raw material procurement, including from Ukraine.

“The US decision to impose a 15% tariff on European goods—down from the threatened

30%—was positioned as a compromise. But even at 15%, the impact is painful. Automobiles, auto parts, aluminum, steel—all of it is now under pressure. And when European factories begin cutting output, the first to feel the effect won't be European banks. It will be Ukrainian suppliers," she warns.

In 2024, Ukraine exported nearly \$1.3 billion worth of insulated wire—a critical component in the automotive industry. Most of it went to Germany, Poland, and the Czech Republic. A slowdown in EU manufacturing will mean fewer orders, less foreign currency for Ukraine, fewer jobs, and lower tax revenues.

Another critical area is agriculture. The US secured greater access for its agri-food exports to Europe. That means more corn, soy, ethanol, and poultry arriving from across the Atlantic—and much tougher competition for Ukrainian agricultural exports. We're already facing restrictions in the EU due to fears of farmer protests. Now, with Brussels opening the door to American goods, we have little choice but to squeeze into a much narrower corridor.

Lebedieva also warns of a direct risk to Ukraine's state railway company, Ukrzaliznytsia. A drop in exports means lower freight traffic—and the threat of an even deeper financial crisis for the carrier.

Yes, there are some long-term positives. Europe buying US weapons could mean some of that equipment is eventually supplied to Ukraine, potentially strengthening our defense capabilities. But that is not guaranteed—and it's certainly no substitute for billions in lost export revenues or shrinking demand for Ukrainian raw materials.

"The signing of trade deals between the US and the EU, as well as with Japan—and the potential for one with China—marks a serious step toward dismantling the global trade architecture built on WTO rules. We are witnessing a shift from multilateralism to bilateralism. The Ukrainian government must urgently and carefully assess the risks and opportunities of this shift—perhaps with a renewed focus on already functioning and planned bilateral free trade agreements," Lebedieva concludes.

The world is not standing still—even as we are at war. Global players are negotiating and redrawing the markets to suit their interests. And our hopes for "economic recovery through EU integration" risk being shattered by the competing agendas of others—unless we act proactively. Otherwise, we'll once again find ourselves squeezed between Washington and Brussels—with no voice and no gain.

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