



Report

UKRAINE'S EU MEMBERSHIP: AN ECONOMIC CHALLENGE OR AN OPPORTUNITY?

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EUROPEUM Institute for European Policy is a non-profit, non-partisan, and independent think-tank focusing on European integration and cohesion. EUROPEUM contributes to democracy, security, stability, freedom, and solidarity across Europe as well as to active engagement of the Czech Republic in the European Union. EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making.



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On September 26th, EUROPEUM's Brussels Office representing the Think Visegrad platform in cooperation with Ukraine Prism Brussels organized a closed-door expert discussion titled "Ukraine's EU membership: an economic challenge or an opportunity?". This discussion was held under the Chatham House rules and gathered around 20 participants, mostly representatives of EU institutions, Brussels based think tanks and representation offices of various EU regions.

The debate focused on the potential economic impacts of Ukraine's accession to the EU including possible opportunities for Central European countries and its private sector to strengthen the ties between the two regions. It also reflected on a discussion paper published by Snizhana Diachenko and Oleksandra Bulana from Ukraine Prism.

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Within the debate, **negotiations over the next Multiannual financial framework (MFF) were highlighted as the first litmus test for the long-term support of Ukraine through the EU's budget.** These negotiations should involve in-depth evaluation of the current shape of the EU budget and possible revisions of Cohesion and Agricultural Policies, as Ukraine's future access to these funds might significantly shift the allocations for each Member state, or even candidate countries, given the possible implementation of gradual integration model within the accession process.

Costs associated with Ukraine's membership are often highlighted as one of the biggest challenges of the process and this should be further reflected in the preparation for the next MFF. Most of the speakers agreed that transitional post-accession periods paired with capping the total allocations from Cohesion and Agricultural funds could be an option. Furthermore, **MFF negotiations will also**

shape financial instruments available for reconstruction of Ukraine, as the funds within the Ukraine facility are planned only for the current MFF period (until 2027).

While there is a plethora of studies commenting on possible costs of Ukraine's accession, impact on the current budget and contributions from other Member states, limited information is available on the potential benefits associated with Ukraine's membership. Concerning policy priorities of the second von der Leyen's Commission, Ukraine could strongly enhance energy security of the Union, under the consideration that the country is able to restore its hydro and nuclear power plants.

Ukraine's cooperation with the EU in the area of energy market was already established in the past and could bolster the capacities of energy production. This should be further supported by recent inclusion of Ukraine in TEN-T and TEN-E policies. In general, **better connectivity within the region of Central and Eastern Europe is seen as a crucial next step.**

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Moreover, **Ukraine's membership could boost Europe's access and sustainable supply of many critical raw materials such as aluminium, nickel or lithium.** Ukraine holds immense potential as a major global supplier of critical raw materials essential for industries such as defense, high-tech, aerospace, and green energy; crucial aspects of EU's strategic self-reliance.

Another important aspect in this regard is Ukraine's large agricultural sector, which provides many opportunities, while also poses several challenges for the EU. **Imports of agricultural products from Ukraine can become a sensitive topic** as witnessed in the past months when Poland, Hungary and a couple of other CEE countries

protested against the import of Ukrainian grain, partially blocking the trains transporting grain into the countries, thus infringing agreements between the EU and Ukraine within the Deep and Comprehensive Free Trade Agreement (DCFTA) and causing political uproar from both sides. **Harmonization of food safety and quality regulations should be a priority for the continuous access of Ukraine to the EU Single Market** to assure level playing field. If this is achieved, Ukraine's agricultural products could further strengthen the EU's position on global markets and bolster EU's food security.

From the perspective of the V4, all speakers highlighted potential for closer cooperation among the countries in various fields of economy. Although the situation of Ukraine as an EU candidate and its possible accession greatly differs from the times of 2004 enlargement when the countries of the V4 joined the Union, there can be many parallels drawn on how this process boosted economic cooperation between the new and old member states, especially those bordering themselves. This should also be an opportunity for the private sector to expand its businesses to new market(s) and, in the case of Ukraine, further support reconstruction of the country.

Lastly, participants also discussed geopolitical costs associated with further escalation of Russian aggression and impacts on the EU's budget, both from a EU's Security and Defense perspective, and supply chain disruptions caused by the conflict.