

Impacts of Ukraine's accession on the EU and its member states

Anton Bendarzsevszkij*

January 2025

** The author is the Director of Oeconomus Economic Research Institute, responsible for the content, strategy and research*

.....

This policy brief was produced within the Think Visegrad in Brussels Fellowship programme. In the first half of 2016, eight think-tanks from the Visegrad Group that have been cooperating in the Think Visegrad platform, agreed on the idea proposed by the EUROPEUM Institute for European Policy, to create a common representation office in Brussels. The main motivation for it is the need to encourage debate on issues of common interest to the EU and the V4 and explain the positions of the V4 to a wide audience. Think Visegrad in Brussels would like to project an image of constructive partners, to explain the dynamics of the debates within our regions and to highlight our active contributions to EU policy-making. For more information about Think Visegrad and its members visit www.think.visegradfund.org.

Contents

Introduction.....	3
I. The bumpy road to accession	3
II. The main obstacles to Ukraine's EU membership	5
1. Peace.....	6
2. Money.....	6
3. Reform of the EU.....	7
III. The benefits of EU membership for Ukraine	7
IV. Conclusion	9
Used sources.....	10
About EUROPEUM.....	11

Introduction

Ukraine has been trying to become part of the European Union since the Orange Revolution in 2004, while European decision-makers lacked the political will to continue the enlargement, and the process has been stagnating for many years. All this changed suddenly after the Russian aggression in 2022, after which the accession process accelerated, but now it turned to another extreme: the statements on Ukraine's quick EU accession became too unrealistic, creating false hopes. In fact, in the current geopolitical circumstances, full of crises and moving towards blocisation, the EU needs Kiev as much as Ukraine needs the EU. However, this would require a number of other conditions to be met, including internal EU reform, question of money and EU funding, and the end of the war on Ukrainian soil.

I. The bumpy road to accession

Ukraine's integration with the West has been a bumpy road over the past decades and is far from being at the finish line. Ukraine, which gained independence after the collapse of the Soviet Union, initially pursued a so-called "multi-vector" foreign policy aimed at building good relations with both the West and Russia. However, the foundations for Western integration were also laid during this period: under Leonid Kuchma, Ukraine became the first post-Soviet state to join NATO's Partnership for Peace programme in 1994, which aimed to build trust and cooperation between NATO and the former Soviet states. In the same year, a Partnership and Cooperation Agreement was signed with the European Union. In 1997, a Charter of Distinctive Partnership was signed with NATO, establishing formal cooperation without specific commitments.

The political breakthrough towards Western integration came after the Orange Revolution (2004), under the presidency of Viktor Yushchenko. Yushchenko's agenda was to break away from the Russian sphere of influence and integrate with Western institutions. The problem was that this direction came too late, at a time when international relations were characterised by a growing Russian imperial ambitions and a cautious, risk-averse European Union.

"Yushchenko's push towards the EU and NATO comes at a time when both institutions are facing new challenges and doubts about the wisdom of further enlargement," said a study on Ukraine's Western integration written almost 20 years ago, in 2006¹. In hindsight, this proved to be true: NATO, seeking its own purpose after the break-up of the Soviet Union and bowing to the pressure from Vladimir Putin, did not in the end offer Kiev the prospect of membership. And the similarly cautious European Union, which has undergone its biggest wave of enlargement at that time, did not want to proceed with further accession.

¹ LARRABEE, Stephen: „Ukraine and the West”. In: *Survival* 48(1):93-110. March 2006. https://www.researchgate.net/publication/232899091_Ukraine_and_the_West

It took ten years after the Orange Revolution before the Association Agreement between the European Union and Ukraine was finally signed. It also required a revolution in Kiev, which sent a clear signal to European decision-makers that Ukrainian society was ready for Western integration. The Association Agreement gradually entered into force during 2016 and 2017, and the Deep and Comprehensive Free Trade Area (DCFTA) with Ukraine was launched on 1 September 2017. However, it took another five years and the happening of Russia's aggression against Ukraine in 2022 for the integration to reach the next step. On 23 June 2022, Ukraine was granted EU candidate status, and on 14 December 2023, the European Council authorised the opening of accession negotiations with Kiev, which formally took place after 25 June 2024. The furthest so far has been the integration of trade in goods, which reached a stage with the introduction of the DCFTA, and then, following Russian aggression, most of the remaining EU tariffs were temporarily lifted.²

Going forward, Ukraine will have to complete³ 35 chapters in different areas⁴. This in itself is a long process, given that we are talking about a country that is currently at war, that was already one of the poorest countries in Europe before the Russian aggression, and that started from a very strong disadvantage in terms of corruption and the proper functioning of democratic institutions. Yet, both Ukrainian society and European and Ukrainian decision-makers are raising over-ambitious public expectations of EU accession. In current circumstances it will be hard to achieve these goals and timeframes, which can worsen the situation in Ukrainian domestic politics and society's commitment to the EU. A more pragmatic approach, taking into account the ongoing war and Ukraine's specific challenges, would be more conducive to achieving a successful outcome." [European Council] President Charles Michel has identified 2030 as a possible target date for further EU enlargement, but we will do everything we can for Ukraine to make it happen earlier, immediately after our victory," Ukrainian Prime Minister Denis Shmyhal said in an interview in March 2024⁵, adding that they are moving "very quickly" to complete the EU's homework, which he said could be done within two years.

While the above-mentioned statement by Charles Michel on Ukraine's accession in 2030 (five years from now) also does not seem to be a realistic goal, the Ukrainian Prime Minister's statement is not even close to reality. To put it in perspective: the average time for a country to transition from EU candidate status to full membership is 9-10 years, though this varies significantly based on political, economic, and institutional factors. For example, for the latest EU member to date, Croatia, it took 10 years to join the European Union in 2013. Croatia didn't face the same challenges Ukraine is facing now: by the time that Croatia

² AKHVLEDIANI, Tinatin; MOVCHAN, Veronika: „The Impact of Ukraine's Accession on the EU's Economy". CEPS. <https://www.ceps.eu/ceps-publications/the-impact-of-ukraines-accession-on-the-eus-economy/>

³ Also see Conference on accession to the European Union – Ukraine. Brussels, 21 June 2024. AD 9/24. <https://www.consilium.europa.eu/media/hzmfw1ji/public-ad00009en24.pdf>

⁴ Chapters of the acquis / negotiations: European Commission, https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/conditions-membership/chapters-acquis_en

⁵ BRZOZOWSKI, Alexandra: „Ukraine's EU accession will have more benefit than cost, says PM Shmyhal". In: Euractiv. 2024.03.18. <https://www.euractiv.com/section/europe-s-east/interview/ukraines-eu-accession-will-have-more-benefit-than-cost-says-pm-shmyhal/>

applied for EU membership, the war in the country was over by 8 years, and quick reconstruction followed the conflict. For the countries of the former Eastern Block, joining the first wave of EU enlargement after the fall of the Soviet Union, it also took 8-10 years to join the union in 2004. There are some examples for quick EU accession, like the case of Finland and Sweden, which joined the EU in 3-4 years. However, it's important to note, that this was a special case due to these countries' strong economies, and their existing alignment with EU norms.

Ukraine is in a very different situation compared to the existing examples: currently the country is at war, with its economy, infrastructure and energy sector being constantly destroyed by the aggressor country. Kyiv also had to lift some of the democratic rights due to the martial law.

At the same time the process of the EU accession also depends on several specific procedures, which take time independently from the achievements of the candidate country. As mentioned before, there are 35 Chapters of the *acquis*, which have to be negotiated. Each chapter requires bilateral negotiations and approval from all 27 EU member states. Candidate countries must also demonstrate economic stability and align with the EU's economic policies, which is something hard to achieve for a country in the state of war. Even after the EU approves accession, each member state must ratify the treaty, which can take years. Political disagreements with even one country can delay the process, and Ukraine has some unresolved ongoing conflicts with its neighbours, Hungary, Romania, Slovakia and Poland, mainly on the issues of national minorities living in Ukraine, trade conflicts and historical wounds, like the Volhynia massacre.

II. The main obstacles to Ukraine's EU membership

It is clear that Ukrainian society, which has suffered a great deal as a result of the war, needs tangible, understandable objectives, but they must be realistic and factual. What is a further problem for Ukraine is that on the road to EU membership, the fulfilment of accession chapters and reforms in essentially all areas of the Ukrainian state functioning and economy is only one of the conditions for EU accession. However, the following aspects, which depend on external factors or on Brussels itself, are at least as important and should be the subject of a frank and early dialogue within the European Union. These are:

- 1. An end to the war and lasting peace in Ukraine;**
- 2. A favourable, orderly financial situation in the European Union;**
- 3. A reform of the European Union, especially in the decision-making and funding system.**

1. Peace

EU decision-makers do not say it openly, but a fundamental condition for Ukraine's accession to the EU is the end of the war and the achievement of a viable and lasting peace. The swift granting of candidate status was an important gesture to the beleaguered Ukrainian society, but Western decision-makers largely assumed that the war would end in the foreseeable future and that, with Western support, Ukraine would preferably either drive its aggressor out of the country or at least end the conflict with some kind of compromise peace. However, the war is about to enter its fourth year, with Ukraine facing the next period in a rather weakened position. We do not know the actual (de facto and not de jure) Ukrainian territory that could become part of the EU. We do not know the timeframe for how long the war will last. We do not know the actual Ukrainian population, while the prolongation of the war will strongly influence the willingness of Ukrainian refugees to return home. Finally, we do not know the actual extent of the destruction and the final cost of reconstruction in Ukraine, which is also directly proportional to the time factor.

2. Money

The question of money may also be central to Kiev's accession: partly because of Ukraine itself, because the resources to catch up and rebuild after the war will have to come from various external sources including the EU budget. On the other hand, for the sake of the EU's internal cohesion and of maintaining the catching-up of other member states, because Ukraine's accession would suddenly turn most of the current member states that benefit from the various EU funds into net contributors. This fact could make the question of Ukraine's accession a highly political issue.

If the EU was experiencing a period of peace, prosperity and stable development, then perhaps the question of money would not be such a major issue. However, considering a period of global economic decline, full of crises and turbulence, which is not conducive to the admission of a new (and so problem-ridden) member to the EU. The lack of money is also reflected in the Mario Draghi report of autumn 2024, which has caused a great stir. The former European Central Bank president says now could be the last moment for the EU to do something about competitiveness problems and the losing of EU's global positions, and it would need a lot of money (which Draghi would cover from joint loans).

European financial resources are limited to the willingness and economic performances of its members. The EU runs on a seven-year budget, which allows the bloc to plan and invest in long-term projects. Of the €1.07 billion earmarked for the 2021-2027 period, the biggest slice will go to agriculture and regional development and cohesion.⁶

Several professional institutions have tried to calculate exactly how much money Ukraine would receive after its accession to the EU, but the estimates are complicated by the previous point (we do not know the exact area, population, economic situation and the extent of reconstruction). Estimates range somewhere between €130 billion and €200 billion over the EU's budget period, calculated every seven years. Bruegel, for example, has estimated €136 billion⁷, while the Financial Times and Politico based on a leaked study by the Council of the EU have estimated considerably more, €186 billion.⁸ Also, the country may need at least another €600 billion for reconstruction after the war.

After accession, the country would have one fifth of the EU's agricultural land - making Ukraine the biggest beneficiary of the EU's Common Agricultural Policy (CAP), as the current

⁶ BASTASIN, Carlo: „Want Ukraine in the EU? You'll have to reform the EU, too.” In: Brookings. 2023. július, <https://www.brookings.edu/articles/want-ukraine-in-the-eu-youll-have-to-reform-the-eu-too/>

⁷ LIBOREIRO, Jorge: „Ukraine's accession could cost €136 billion to the EU budget, new report estimates.” In: Euronews. 2024.03.07. <https://www.euronews.com/my-europe/2024/03/07/ukraines-accession-could-cost-136-billion-to-the-eu-budget-new-report-estimates>

⁸ „Ukraine's accession would cost €186B, EU estimates.” In: Politico. 2023.10.04. <https://www.politico.eu/article/ukraine-accession-cost-186-billion-eu-enlargement/>

system distributes CAP funds based on the amount of agricultural land cultivated (Bruegel puts this at €85 billion over seven years).⁹

According to Brookings' calculations, with the accession of Ukraine and the other countries with candidate status, only Portugal and Greece would receive more money of the EU funds, than they pay in, while many Central European countries, would become net contributors. Spain's share of EU funds would fall from 9.6% to 0% with Ukraine's accession, Poland from 30.2% to 12.6%, Hungary from 7.6% to 3% and Romania from 18.4% to 7.2%.¹⁰ Meanwhile, Ukraine's share of EU funds would reach 41.7%.¹¹ However, the calculation is based on the current budget cycle and if Poland and Hungary continue to grow at the same rate as in previous years, they will also become net contributors by the end of the decade.

3. Reform of the EU

The second point also impacts the questions related to the possibility of reforming the Union treaties and policies to better address current challenges associated with the enlargement of the block. The current functioning of the EU is not sustainable after the accession of current candidates (with all nine candidate countries from Eastern Europe and the Western Balkans joining) due to various issues related to the decision-making processes, budget or growing disparities between certain members - this should be a baseline.

It is becoming increasingly difficult to find common ground on the most important issues, not because of political boycott by individual Member States, but simply because of differences in economic structure, geographical positioning, energy infrastructure, local conditions or foreign policy strategy. Already in the case of the 27 member states, the problems of the current system have been compounded in recent years, and would be even worse after a potential enlargement to 35 or 36. Thus, a reform of the system would definitely be needed before further EU enlargement, to assure that the Union has the means to react swiftly to any internal or external challenges in the future.

III. The benefits of EU membership for Ukraine

In reality, however, it is not only Ukraine that needs EU membership, but the EU also needs Ukraine on its side, despite all the problems and challenges listed. Indeed, this is precisely why a reality and fact-based assessment of the situation is needed in order to formulate an appropriate strategy and solve the problems identified as soon as possible.

For decades, the European Union has been losing economic influence to the emerging powers in Asia and even to its closest ally, the United States. The sudden onset of the global pandemic, followed by the equally sudden Russian aggression and the resulting energy crisis, shortages of goods and disruption of supply chains, have shown how vulnerable the EU economy is to external dependencies. In addition, the world order based on globalisation and WTO standards, on which the EU had built its operational strategy, is in crisis because of Russia's imperial ambitions and the US's stance towards China. What we might see is further blocisation, adoption of protectionist tariffs, technological restrictions, home shoring. The future of international relations is headed towards the escalation of rivalry between the United States and China.

⁹ DARVAS, Zsolt; DABROWSKI, Marek; GRABBE, Heather; MOFFAT, Luca Léry; SAPIR, André; ZACHMANN, Georg: "Ukraine's path to European Union membership and its long-term implications". In: Bruegel. 2024.03.07. <https://www.bruegel.org/policy-brief/ukraines-path-european-union-membership-and-its-long-term-implications>

¹⁰ BASTASIN, Carlo: „Want Ukraine in the EU? You'll have to reform the EU, too." In: Brookings. 2023. július, <https://www.brookings.edu/articles/want-ukraine-in-the-eu-youll-have-to-reform-the-eu-too/>

¹¹ Ibid.

Therefore, the next decades will be crucial for the European Union in terms of how the bloc can cope with these challenges and reduce its strategic dependencies, find solutions to the demographic crisis, energy crisis and internal market problems. Ukraine could help a lot in this. The country's highly educated population, strong industrial base and vast natural resources could facilitate the reduction of the EU's dependence on food, IT, defence, energy and raw materials.¹²

Raw materials and energy: Ukraine has 5% of the world's raw materials and natural resources, including 22 out of 30 critical raw materials such as lithium, cobalt and titanium, which are vital for European production.¹³ Ukraine also has great potential in the energy sector: it has significant potential in nuclear energy, natural gas, coal production and renewable energy. Most of the raw materials for solar panels are found in Ukraine. In addition, the country has one of the largest underground gas storage facilities on the continent, with 33 billion cubic metres of gas.¹⁴

Demography: According to Eurostat's population forecasts, the population of the current 27 EU member states may drop significantly from 451 million in 2022 to 406 million in 2050.¹⁵ Although Ukraine's demographics are also one of the biggest losers from the Russia-Ukraine war, the pre-war Ukrainian population of 41 million could help the EU's labour market problems.

Trade: Ukraine's integration into the European internal market would open up a market of around 40 million to European companies, and many small and medium-sized enterprises could benefit from Ukraine's recovery. Ukraine's various industrial sectors, and even more so its agriculture, could strengthen the EU's global competitiveness in the future. Ukraine has already become the EU's third largest source of agri-food imports, exporting almost half of its cereals, 80% of its sunflower oil and 25% of its poultry meat.¹⁶ Ukraine's membership of the EU would increase the EU's arable land by around a third, giving the European bloc a significant boost in its international weight as a guarantor of global food security. The EU's share of global wheat exports would rise to 30%, making it the world's top grain exporter, overtaking Russia's 23% share.¹⁷

Defense: Ukraine's EU membership would significantly increase the EU's military and security capabilities. Upon accession, Ukraine will have one of the largest armies in the EU with fresh experience in conventional warfare, cyber warfare, the use of drones, disinformation warfare and other operations. It is also expected to have an extensive defense industry.

If membership is properly prepared, Ukraine could, therefore, become an important stabilizing force for the European Union and help the bloc to become a self-sufficient, global player, not to mention that it would also provide a solution to the issue of an independent European force.

¹² LAUSBERG, Philipp; TARAN, Svitlana: „Economic security: The strategic argument for Ukraine's EU membership.” European Policy Center. 2024.02.02. <https://www.epc.eu/en/Publications/Economic-security-The-strategic-argument-for-Ukraines-EU-membership~57c2cc>

¹³ BRZOZOWSKI, Alexandra: „Ukraine's EU accession will have more benefit than cost, says PM Shmyhal”. In: Euractiv. 2024.03.18. <https://www.euractiv.com/section/europe-s-east/interview/ukraines-eu-accession-will-have-more-benefit-than-cost-says-pm-shmyhal/>

¹⁴ Ibid

¹⁵ DARVAS, Zsolt; DABROWSKI, Marek; GRABBE, Heather; MOFFAT, Luca Léry; SAPIR, André; ZACHMANN, Georg: “Ukraine's path to European Union membership and its long-term implications”. In: Bruegel. 2024.03.07. <https://www.bruegel.org/policy-brief/ukraines-path-european-union-membership-and-its-long-term-implications>

¹⁶ LAUSBERG, Philipp; TARAN, Svitlana: „Economic security: The strategic argument for Ukraine's EU membership.” European Policy Center. 2024.02.02. <https://www.epc.eu/en/Publications/Economic-security-The-strategic-argument-for-Ukraines-EU-membership~57c2cc>

¹⁷ U.o.

IV. Conclusion

In recent years, the European Union has been struggling with increasingly worse economic and demographic problems, which were greatly aggravated by the Russian aggression launched against Ukraine. The confrontation between the United States and China that began in the mid-2010s also worsens the EU's situation and raises competitiveness, economic and security issues. The EU enlargement, which was essentially frozen after the accession of Croatia in 2013, was revived after the Russian aggression, and thus a new window of opportunity opened for the accession of Ukraine, Moldova, Georgia and the Western Balkan countries.

The new enlargement of the European Union and, above all, the economic and defense potential of Ukraine could represent a kind of solution to the worsening problems of the EU, and could potentially even raise the bloc's international role and capabilities to a new level. However, before enlargement, a reality-based assessment of the situation would definitely be necessary, and a solution to the Union's financial problems and internal reforms should also be found. Another indispensable condition for Ukraine's accession would be lasting peace. At the same time, the European Union can no longer afford to prolong or freeze the accession process: both a rapid enlargement not based on merits and reform, or non-enlargement in the current situation would cause great political and reputational damage to the Union, or even destroy it.

Used sources

AKHVLEDIANI, Tinatin; MOVCHAN, Veronika: „The Impact of Ukraine’s Accession on the EU’s Economy”. CEPS. <https://www.ceps.eu/ceps-publications/the-impact-of-ukraines-accession-on-the-eus-economy/>

BASTASIN, Carlo: „Want Ukraine in the EU? You’ll have to reform the EU, too.” In: Brookings. 2023. július, <https://www.brookings.edu/articles/want-ukraine-in-the-eu-youll-have-to-reform-the-eu-too/>

BRZOZOWSKI, Alexandra: „Ukraine’s EU accession will have more benefit than cost, says PM Shmyhal”. In: Euractiv. 2024.03.18. <https://www.euractiv.com/section/europe-s-east/interview/ukraines-eu-accession-will-have-more-benefit-than-cost-says-pm-shmyhal/>

Conference on accession to the European Union – Ukraine. Brussels, 21 June 2024. AD 9/24. <https://www.consilium.europa.eu/media/hzmfw1ji/public-ad00009en24.pdf>

DARVAS, Zsolt; DABROWSKI, Marek; GRABBE, Heather; MOFFAT, Luca Léry; SAPIR, André; ZACHMANN, Georg: “Ukraine’s path to European Union membership and its long-term implications”. In: Bruegel. 2024.03.07. <https://www.bruegel.org/policy-brief/ukraines-path-european-union-membership-and-its-long-term-implications>

LARRABEE, Stephen: „Ukraine and the West”. In: Survival 48(1):93-110. March 2006. https://www.researchgate.net/publication/232899091_Ukraine_and_the_West

LAUSBERG, Philipp; TARAN, Svitlana: „Economic security: The strategic argument for Ukraine’s EU membership.” European Policy Center. 2024.02.02. <https://www.epc.eu/en/Publications/Economic-security-The-strategic-argument-for-Ukraines-EU-membership~57c2cc>

LIBOREIRO, Jorge: „Ukraine's accession could cost €136 billion to the EU budget, new report estimates.” In: Euronews. 2024.03.07. <https://www.euronews.com/my-europe/2024/03/07/ukraines-accession-could-cost-136-billion-to-the-eu-budget-new-report-estimates>

KULEBA, Dmytro: „Ukraine's EU accession brings added value and serves historical justice.” Robert Schuman Foundation. 2024.06.25. <https://www.robert-schuman.eu/en/european-issues/754-ukraine-s-eu-accession-brings-added-value-and-serves-historical-justice>

„Ukraine’s accession would cost €186B, EU estimates.” In: Politico. 2023.10.04. <https://www.politico.eu/article/ukraine-accession-cost-186-billion-eu-enlargement/>

About EUROPEUM

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. We are the recipient of institutional funding from the European Commission under the Citizens, Equality, Rights and Values (CERV) programme.



Co-funded by
the European Union

