

STRATEGIC PARTNERSHIP WITH THE EU IN UKRAINE'S RECONSTRUCTION

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Annotation. The article examines the significance of Ukraine's strategic partnership with the European Union in the context of post-war reconstruction. Since Russia's full-scale aggression against Ukraine began, reconstruction has become a top priority for both the Ukrainian government and the international community, including the EU. As a reliable partner, the European Union plays a crucial role in providing financial, technical, and political support to rebuild infrastructure, stimulate economic growth, and strengthen state institutions.

The article highlights the necessity of close cooperation between Ukraine and the EU in implementing reforms aimed at strengthening the rule of law, improving governance, combating corruption, and promoting de-oligarchization. It also addresses the challenges Ukraine faces in integrating into European structures, particularly in meeting EU membership criteria.

Additionally, the article explores the prospects for economic cooperation between Ukraine and the EU within the framework of the DCFTA, focusing on the EU's role in ensuring Ukraine's financial stability and energy security. Particular attention is given to the potential for modernizing Ukraine's industry and agriculture to align with EU standards, as well as the need to attract international investment for the country's successful reconstruction.

In conclusion, the article underscores that a strategic partnership with the European Union is vital for Ukraine's successful recovery and integration into the European community, which will foster sustainable economic growth and enhance the quality of life for Ukrainian citizens.

Key words: EU, strategic partnership, Ukraine's reconstruction.

1. Problem statement.

On December 14, 2023, the European Council officially launched negotiations for Ukraine's accession to the European Union. This step, which seemed nearly impossible two years ago, became a reality in response to Russia's full-scale aggression against Ukraine. The primary rationale for this decision lies in concerns for European security and support for a nation that upholds common European values. In late June 2024, the European Commission approved the Negotiating Framework for Ukraine [1], marking a significant milestone on Ukraine's path to full EU membership.

However, there is another crucial yet less discussed argument in favor of Ukraine's EU accession: its considerable potential to enhance the economic security of the European Union. As emphasized by the IMF's First Deputy Managing Director, Gita Gopinath, during her speech at the 20th World Congress of the International Economic Association, the strategic geo-economic aspect of EU enlargement is gaining importance in this new era of the global economy. This era is characterized by increased fragmentation and confrontation, where security concerns are becoming central to the formulation of national economic policies worldwide [2].

Despite clear signs of a mutually beneficial partnership between Ukraine and the EU, it is important to recognize that the end of the war with Russia and the onset of post-war reconstruction – along with the EU's resolution of several pressing issues such as governance, security, migration, trade,

investment, energy transition, and budget – will be pivotal for the final stage of Ukraine’s European integration. The EU enlargement process is likely to coincide with post-war reconstruction, which will amplify the EU’s influence on the development of Ukrainian institutions. Ukraine’s leaders will have strong incentives to meet the accession criteria, and the EU should leverage this effectively to help create a functioning economy and robust state institutions, particularly by minimizing conditions conducive to corruption – one of the main obstacles to Ukraine’s European integration. This will require the implementation of clearer standards for the rule of law and fundamental values, including the protection of human and civil rights, as well as effective mechanisms to ensure ongoing adherence to these standards after accession. This approach is the most effective way to ensure that future enlargement will positively impact governance within the EU itself.

The full-scale war against Ukraine has caused enormous damage to the Ukrainian economy and infrastructure. Rebuilding Ukraine will be one of the greatest challenges of the 21st century. The European Union, as Ukraine’s closest geopolitical partner, plays a key role in this process. Strategic partnership with the EU is not only a political choice for Ukraine, but also an economic necessity.

2. Analysis of recent research and publications.

This article is based on the analysis of EU regulatory and programmatic documents, documents and analytical materials of the Council of the European Union, analytical reviews of foreign and Ukrainian experts.

3. The purpose of the article is to analyze and assess the contribution of the European Union to strengthening Ukraine’s security in the context of Russian aggression. To achieve this goal, the following research tasks are envisaged: assessing the current dynamics of relations between Ukraine and the EU in various spheres (political, economic, humanitarian); identifying the strengths and weaknesses of existing cooperation mechanisms; developing components of a strategic partnership model that would take into account the interests of both parties and respond to current challenges.

4. Presentation of the main material.

The mutual benefits of the partnership between Ukraine and the EU are evident through real economic indicators, despite the ongoing Russian aggression. The European Union remains Ukraine’s largest trading partner, accounting for 56% of total trade in goods in 2023. Ukraine, in turn, ranks 16th among the EU’s largest trading partners, contributing 1.2% to the EU’s total trade volume in the same year. The total trade in goods between the EU and Ukraine reached 61.9 billion euros in 2023, more than doubling since the Deep and Comprehensive Free Trade Area (DCFTA) came into force in 2016 [3].

In 2023, EU imports from Ukraine totaled 22.8 billion euros. Ukraine’s main exports to the EU included cereals (21.9% of total exports), animal or vegetable fats and oils (9.2%), ores, slag, and ash (8.3%), oilseeds (8.2%), and iron and steel (7.9%). Ukraine also maintained its position as the third-largest supplier of agri-food products to the EU by value [4].

EU exports to Ukraine in 2023 reached 39.1 billion euros. The main exports to Ukraine were mineral fuels and mineral oils (16.6% of total exports), cars (9.9%), machinery (9.1%), electrical machinery (8.9%), and arms and ammunition (4.3%).

To accelerate the implementation of the DCFTA, the EU Priority Action Plan for 2023-2024 was put into effect [5]. Following Ukraine’s granting of candidate status on June 23, 2022, relations between the EU and Ukraine advanced to a new level. In her State of the Union speech in September 2022, European Commission President Ursula von der Leyen announced the Commission’s intention to work with Ukraine to ensure unimpeded access to the EU single market.

The Priority Action Plan for 2023-2024 outlines several specific initiatives, including Ukraine's integration into the Roaming at Home area and the Single European Payment Area. It also envisions the start of negotiations on the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA), which will facilitate the free circulation of certain industrial products between the EU and Ukraine. These measures are expected to be completed by the end of 2024.

In addition to the economic losses associated with the sanctions policy against Russia, the EU faces numerous challenges stemming from recent global shocks, such as the COVID-19 pandemic and the Russian-Ukrainian war, which have significantly disrupted global supply chains and trade relations. The European Union, traditionally focused on trade liberalization, now finds itself compelled to revise its economic strategy. Growing geopolitical tensions, rising protectionism, and the pursuit of economic autonomy are prompting the EU to explore new avenues to secure its economic stability. This shift is particularly highlighted in the joint communication to the European Parliament, the European Council, and the Council on the "European Economic Security Strategy" [6].

Experts suggest that EU enlargement could be an effective tool for diversifying economic ties and reducing dependence on authoritarian regimes. Ukraine, with its significant economic potential and strong European aspirations, is a promising candidate for EU membership [7]. Therefore, it is crucial to underscore that Ukraine's integration into the EU can yield mutually beneficial outcomes for both sides, particularly in the following areas:

- Strengthening the EU's energy security: Ukraine possesses significant energy resources and has the potential to become a key supplier of gas, oil, and renewable energy to the EU, thereby enhancing the Union's energy security.
- Expanding the agricultural sector: Ukraine's vast agricultural potential can bolster the EU's food security and reduce its reliance on food imports.
- Providing critical minerals and raw materials: Ukraine has large reserves of essential mineral resources necessary for the development of a green economy and technological industries in the EU.
- Creation of new jobs and economic growth: investments in Ukraine's economy will stimulate job creation and contribute to economic growth in both Ukraine and the EU.
- Strengthening the EU's geopolitical position: the eastward enlargement of the EU will reinforce its geopolitical standing and contribute to greater stability in the region.

However, Ukraine's integration into the EU requires addressing a number of challenges, such as fighting corruption, reforming state-owned enterprises, and creating a favorable investment climate.

Key arguments in favor of EU enlargement at the expense of Ukraine include:

- Economic feasibility: Ukraine offers significant economic potential for the EU.
- Geopolitical necessity: Ukraine's integration will strengthen the EU and help counter external threats.
- Common values: Ukraine shares European values and is committed to European integration.

In the ongoing war with Russia, Ukraine, in collaboration with its EU partners, has gained substantial experience in areas such as mine action, intelligence sharing, satellite imagery, and countering cyber threats. Additionally, Ukraine has initiated large-scale production of long-range unmanned aerial vehicles and is actively expanding its ammunition production capacity, which could significantly enhance the EU's military-industrial capabilities.

Undoubtedly, Ukraine's industrial and agricultural potential has sustained serious damage due to the ongoing war with Russia, with the total cost of rebuilding the country estimated at \$411 billion [8]. However, reconstruction aligned with EU standards presents an opportunity to modernize Ukraine's strategically important industries.

Thus, the EU's enlargement to include Ukraine is a strategically crucial step to ensure the long-term economic security and prosperity of the European Union.

Meeting the criteria for EU membership will be a challenging task for Ukraine. Even before the war with Russia, Ukraine's public administration efficiency was lower than that of the post-communist countries of Central and Eastern Europe during the initial stages of their EU accession. In 2023, Ukraine received particularly low scores in governance, with indicators below those of any other EU candidate country.

Therefore, Ukraine faces the need for extensive institutional reforms during a time of war, especially in areas such as political governance, the constitutional balance of power, the judiciary, the rule of law, decentralization, reducing the influence of oligarchs, and combating corruption. EU enlargement is a powerful tool for driving these changes, benefiting both the candidate country and the European Union itself. It is important to note that Ukraine's accession process is likely to coincide with the post-war reconstruction period, which will increase the EU's influence on the country's institutional development and provide significant incentives to meet the membership criteria.

The process of accession to the European Union has the potential to transform future members by promoting reforms in the areas of democratic governance, economic development, and the rule of law. However, the historical experience of enlargement shows that this potential may not be fully realized, both before and after accession. For example, the countries of Central and Eastern Europe experienced positive dynamics in domestic reforms, economic development, and foreign direct investment growth during their pre-accession period. At the same time, in the Western Balkan countries (with the exception of Croatia), this progress was not sustainable, partly due to the uncertainty of the EU's accession commitments and the slow pace of negotiations, amid a lack of determination to implement reforms and strengthen administrative structures [9].

The successful realization of the opportunities associated with EU membership requires a stable accession process, clearly defined conditions, and their consistent implementation. Ukraine's credibility has grown significantly with the rapid granting of candidate status, the EU's support during the war, and the decision to begin accession negotiations in December 2023, followed by the approval of the Negotiating Framework in June 2024.

We are currently witnessing the crystallization of a more defined EU strategy regarding the place and role of the post-war European paradigm. While in the first year of the war, European society and EU leaders were divided between the ideals of peace and justice – limiting the ability to effectively mobilize resources to support Ukraine [10] – this position has since become more focused on ensuring Ukraine's unconditional victory. At the same time, the European Union remains a key instrument for stabilizing the situation and maintaining Ukraine's morale during the war. Ukraine has faced significant challenges in terms of human resources, leading to the adoption of a law on mobilization and the reduction of the conscription age from 27 to 25 years to optimize the situation and prepare for a prolonged conflict. The shortage of ammunition and fears of potential isolation have had a significant impact on the morale of the Ukrainian military. In this context, it is crucial to ensure Ukraine's confidence that military aid will be stable, growing, and not dependent on election outcomes, political instability, or opposition positions. A reliable long-term supply of military assistance will contribute to conflict resolution and may alter Russia's strategic plans.

Supporting Ukraine independently would impose an excessive financial burden on any single European state. However, these costs are significantly outweighed by the potential losses that could arise from Ukraine's defeat in the war. Such a scenario could lead to higher defense spending, refugee crises, a loss of security, political instability, and increased social tension across Europe.

The current European support for Ukraine is characterized by fragmentation and uneven distribution, which creates additional tensions, particularly in the Franco-German debate, which is proving to be ineffective for both Ukraine and EU member states. The Estonian Prime Minister's proposal to allocate 0.25% of GDP to help Ukraine is an important step to ensure fair and balanced support from European countries [11].

To enhance efficiency and flexibility, the European Union must revise its current internal regulations. Experts have noted that existing rules on budgeting and public procurement restrict the EU's ability to effectively respond to the consequences of the war, counter various hybrid attacks, and provide assistance to Ukraine [12]. Under the current regulations, the EU's transition to a war economy is unlikely, even if a relevant political agreement is reached.

Therefore, we believe that the strategy for partnership relations between Ukraine and the EU should be clearly defined, with specific mechanisms for its implementation and practical execution. To this end, we propose the following priority measures for the short, medium, and long term. In particular, in the short term, it is recommended:

Developing a unified strategy

- The need to develop a clear and coherent strategy aimed at Ukraine's victory in the war and ensuring the long-term security of the region.
- This strategy should include specific goals, objectives and mechanisms for their implementation.

Cooperation in the military industrial complex:

- Joint procurement: expanding the practice of joint procurement of weapons and military equipment to achieve economies of scale and reduce costs.
- Establishment of joint production facilities: creation of joint ventures for the production of weapons and military equipment to diversify suppliers, increase the sustainability of supply chains and technology transfer.
- Integration into the European defense market: involvement of Ukrainian enterprises in European defense programs and projects.

Financial support:

- Confiscation of russian assets: use of confiscated russian assets to finance defense programs.
- Increased budgetary spending: increasing budgetary allocations for defense by EU member states.
- Creation of special funds: creation of special funds to finance defense programs, in particular for the reconstruction of Ukraine.

Simplification of procedures:

- Reducing bureaucracy: simplifying procurement procedures for weapons and military equipment to speed up deliveries.
- Establishment of effective coordination mechanisms: development of effective mechanisms for coordination between different government agencies and international organizations.

The medium- and long-term prospects for EU-Ukraine defense cooperation should include:

Ukraine's integration into the European defense sector:

creation of joint production facilities in Ukraine for the production of high-tech weapons and military equipment;

expanding Ukraine's access to technologies and know-how of European defense companies;

gradual integration of the Ukrainian defense industry into European supply chains.

Financing of defense programs:

Developing a multi-year financial plan to ensure stable and predictable support for Ukraine;

raising additional funds through international financial assistance mechanisms and confiscation of

russian assets;

stimulating investment in the European defense industry.

Detering the aggressor:

Increasing production capacities to meet Ukraine's needs and strengthen the EU's defense capabilities;
development of joint research and development programs in the field of defense technologies.

Involvement of the United States:

Demonstrating Europe's ability to ensure its own security to encourage greater US participation in joint defense projects;

emphasizing the complementarity of the European and American defense industries.

Implementing the proposed measures will significantly enhance Ukraine's defense capabilities, promote regional stability, and deepen the strategic partnership between Ukraine and the EU.

Providing adequate military assistance to Ukraine is crucial for deterring russian aggression and ensuring European security. To effectively address this task, it is essential to strengthen the strategic partnership between Ukraine and the EU in the defense sector.

5. Conclusion.

Ukraine has reached a significant milestone in its long-standing efforts to integrate into Europe, but considerable challenges remain. The country must undertake decisive reforms to meet EU standards, particularly in areas such as the rule of law, judicial independence, and the fight against corruption. Additionally, the de-oligarchization of the economy will be crucial. Ensuring unity within the EU on this process is also essential, as it impacts financial assistance to Ukraine and sanctions against russia. Overcoming these challenges will require sustained efforts, international support, and a strong commitment from both the government and society to reform. Despite these difficulties, both sides are committed to the successful completion of the process, understanding that Ukraine's future is intertwined with the EU.

The official commencement of Ukraine's accession negotiations with the EU represents a historic and transformative step in strengthening both Ukraine and the European Union. Leveraging Ukraine's geographical and logistical advantages, agricultural potential, economic opportunities, cultural wealth, commitment to democratic values, and defense capabilities, the EU can enhance its resilience, competitiveness, and influence on the global stage. As Ukraine progresses towards EU membership and successfully addresses the outlined challenges, it will mark a new chapter of cooperation and prosperity for all involved.

European values serve as the compass guiding Ukraine towards a brighter future. Our struggle is not only about defending our territorial integrity but also about upholding fundamental democratic principles, the rule of law, and human rights. Following a victory over aggression, these values will underpin the rebuilding of our country. Gender equality and inclusiveness must be integral to this process. We envision Ukraine as a modern European state where everyone has equal opportunities for development and self-realization. The Ukrainian people have demonstrated their unity and resilience. Our fight for freedom and independence is a fight for European values. We uphold the right of every person to life, freedom, and dignity. Ukraine's future is a European future where justice, democracy, and the rule of law prevail. After our victory, we will reconstruct our country based on these European values.

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