

NEWSLETTER

UKRAINE

Dr Stefan Meister

The EU formally opened accession negotiations with Ukraine

Following the European Council's decision to open accession negotiations with Ukraine on 14/15 December 2023, the Council confirmed the framework for the formal opening of negotiations in accordance with a revised enlargement methodology on 21 June 2024. While describing the enlargement process as a geostrategic investment in peace, security, stability and prosperity, EU Member States make clear that this process is based on a fair and rigorous conditionality. These principles imply merit-based process and reversibility in case of non-compliance or setbacks and reiterate that there will be no special treatment for Ukraine due to the war. This year's Ukraine Recovery Conference (URC) in Berlin on 11-12 June underlined the importance of the link between EU integration and recovery as part of the EU dimension. In the context of accession negotiations, fundamental reforms can lead to more investment. At the same time, without lasting security, it will be very difficult for Ukraine to successfully pursue EU integration and comprehensive reconstruction.

Background

Since the beginning of Russia's war of aggression in February 2022, the EU has supported Ukraine with around EUR 100 bn within various instruments. The financial instrument for 2024 to 2027, the Ukraine Facility, will provide EUR 50 bn to the state budget, private investment and EU pre-accession technical assistance. Three-quarters will go to the state budget for current expenditures, leaving de facto no funds for large-scale reconstruction projects. The Ukraine Plan sets out the reform agenda the Ukrainian government intends to implement over the next four years as part of the EU accession process to recover and modernise the country.

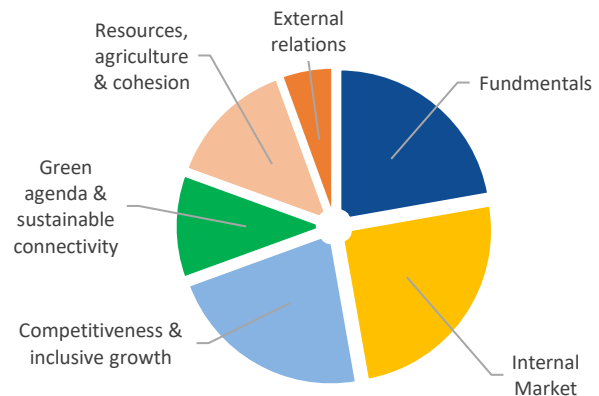
The Council has concluded that, with this Plan, Ukraine meets the conditionality for receiving the assistance planned under the Ukraine Facility. So, the regular payments could start. Progress in implementing the Ukraine Plan will become part of the conditionality in the accession process. With a new enlargement methodology, the Commission is responding to past shortcomings by attaching the rule of law, the fight against corruption and administrative reform at the centrepiece of the accession process. Also, due to the experience of strong internal resistance to anti-corruption measures, justice and judiciary reforms, the Commission pays special attention to rule of law reforms, anti-corruption efforts, and the protection of national minorities. In these

fundamental areas, progress will determine the pace of the accession negotiations. At the same time, the Council makes clear that the pace of accession of new members will also depend on the EU's capacity to absorb them. There is currently no agreement among Member States on internal reforms, including policies of voting rules or agricultural subsidies, which could also block Ukraine's accession at some point. A treaty change is currently de facto out of the question; anything below that level will be discussed during the term of the incoming Commission.

Fundamentals as the core of the reforms

Based on a merit-based approach, the negotiations on the Fundamentals are to be opened first and closed last.

Clusters of the acquis



Source: own display based on European Commission, [Link](#), according to the number of chapters in each cluster

The Fundamentals include:

- Legal system and fundamental rights
- Justice, freedoms, security
- Functioning of democratic institutions
- Public administration reform
- Public procurement
- Statistics
- Financial control

Based on a review report, the Commission will propose a roadmap for the rule of law and public administration reform. Additional benchmarks can be set in the chapters on public procurement and financial control. Ukraine is asked to prepare a roadmap for the rule of law, justice, and fundamental rights. Also, Ukraine is invited to prepare and adopt a roadmap for the functioning of democratic institutions and public administration reforms. The fight against corruption, including investigations and convictions by the judiciary, will be monitored. Anti-corruption policy is a cross-cutting issue and should run through all relevant chapters. The Ukrainian civil society should generally be involved in developing roadmaps, screening and monitoring. At the same time,

the Ukrainian government will be dependent on the support of the civil society and think tanks in the reform process due to limited own resources.

The EU dimension at the URC

At the URC in Berlin in June, EU accession was discussed as one of four key pillars, alongside the business, human and regional dimensions. In this context, EU integration is intended to ensure economic growth, investment security and sustainable development. In addition to the aspects mentioned above including stable institutions, the rule of law, human rights, and a functioning public administration, adapting to the *acquis* will also bring Ukraine closer to the internal market. These are all prerequisites for private investment and sustainable reconstruction.

The conference team attached significant importance to ensuring the presence of members of the civil society, regions and municipalities, next to high-level participants from the EU and partner countries, the business community and international financial institutions. In the EU dimension, a key element consistently emphasised directed to supporting capacity building of Ukrainian institutions. In this regard, the civil society has a vital role to play. From the Ukrainian point of view, the conference was a success, mainly because of the highest number of international high-level government compared to previous recovery conferences and business representatives as well as the special focus on reconstruction, even in times of war. The involvement of the civil society in the URC reflected its importance in both EU accession and reconstruction. As Ukraine will not join NATO soon, as the Washington NATO summit underlined again in July, it is even more important for the Ukrainian people to see progress in the EU accession. The lack of prospects for an early end of the war is at least somewhat offset by the prospect of EU accession. In previous waves of enlargement, NATO and EU integration have always been closely linked. The conference participants agreed that EU integration is a key element in Ukraine's reconstruction, which can lead to regional stability, peace, freedom, justice, and security in Europe. At the same time, it will be even more important in the follow-up conferences (next year in Italy) to deepen the link between security and reconstruction - without security, there can be no sustainable reconstruction.

The Conference did not sufficiently address the issues currently crucial for Ukraine: air defence, the security of its cities and infrastructure, and the prospect of a just end of the war. Until these conditions are met, there will be no significant private investment in Ukraine. At the same time, Ukraine's pre-accession reforms create the conditions to improve the investment climate in the country and give the population a perspective in Europe.

Editors

Robert Kirchner, Garry Poluschkin

German Economic Team

www.german-economic-team.com

Outlook

Despite a difficult war year for Ukraine, with territorial losses due to slow deliveries of weapons and ammunition from the West and late mobilisation by the Ukrainian government, the country has successfully advanced its reform process, paving the way for the formal opening of accession negotiations with the EU. The opening of the accession process shows enormous progress has been made despite the war. Because of the war and Ukraine's strong dependence on Western support, there has never been such leverage in recent Ukrainian history for the EU and Ukrainian civil society to exert pressure on the Ukrainian government to make fundamental reforms in the difficult areas like fighting corruption, judiciary and rule of law, to overcome structural deficits. This does not change the fact that the accession process will take a long time and the member states need to agree on internal reforms of the EU. Overall, the course of the war and financial support from the West will determine the Ukrainian government's ability to reform and to rebuild the country. Against the background of a challenging budget policy, the government focuses on the financing of defence expenditures. To simultaneously finance sustainable large-scale reconstruction projects, the current inflow of financial aid is not sufficient.

Dr Stefan Meister is Head of the Center for Order and Governance in Eastern Europe, Russia, and Central Asia at the German Council on Foreign Relations (DGAP).

This text reflects the opinion of the author and does not necessarily represent the views of the German Economic Team.

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Advisory activities in Belarus are currently suspended.*



Implemented by
BE Berlin Economics GmbH
Schillerstraße 59 | 10627 Berlin
+49 30 / 20 61 34 64-0

info@berlin-economics.com | [Imprint](#)