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**West-gravitating strategic  
reorientation of Ukraine  
as a key factor of Central  
European security**

Edited by Jakub Olchowski, Beata Surmacz



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## Executive summary

- Ukraine's westward shift has intensified since Russia's 2022 invasion, reorienting its economic and defence policies towards Europe, especially Central Europe. This realignment seeks greater integration with European structures for security and socioeconomic resilience. Ukraine aims to develop industrial clusters in western regions like Ciscarpathia and Cisdanubia to create secure, economically vibrant zones aligned with EU standards. These regions are expected to drive economic reconstruction through infrastructure, green technologies, and defence industries, thus facilitating deeper integration with Europe.
- Ensuring long-term stability involves bolstering Ukraine's defence capabilities and establishing a security belt in vulnerable areas along the Russian border. Ukraine's success relies on sustained support from NATO and EU allies, positioning Ukraine as both a defensive frontier and an integral part of a stable Central Europe.



- Ukraine's response to the destruction of its energy infrastructure amid conflict highlights the importance of resilience strategies, including decentralised energy generation, alternative energy sources, and public-private coordination. These approaches helped Ukraine maintain energy supplies and could offer valuable lessons for Central Europe in enhancing its own resilience planning.
- Ukraine's integration with the European grid (ENTSO-E) and partnerships in gas and nuclear energy reinforce Central European energy security. Enhanced cross-border connections, mutual crisis support mechanisms, and joint energy infrastructure projects – such as the proposed Central European gas hub and renewable energy corridors – strengthen the region against energy supply disruptions.
- Ukraine's move towards decentralised, renewable, and locally sourced energy aligns with EU energy transition goals. This strategy opens opportunities for Central Europe to collaborate in sustainable energy projects, support local resilience, and provide advanced training, which together could foster a self-sufficient, robust regional energy system.
- As a geographically central and culturally unique region in Europe, Transcarpathia serves as a key connector between Ukraine and the EU, fostering cross-border cooperation and regional stability. Its proximity to several EU countries and its polyethnic composition make it a vital area for international partnerships and cultural exchange. Transcarpathia has become a primary recipient region for internally

displaced persons (IDPs) and relocated businesses, which, if properly integrated, could drive local economic development. The region is focusing on creating suitable conditions for IDPs and enterprises, utilising human capital, and managing resources to support regional growth and stability. Recovery efforts in Transcarpathia emphasise both economic reconstruction and social integration, aiming to support veterans and war-affected civilians with the region's health resources and infrastructure.

- The war has exposed gaps in the EU's security framework, prompting a stronger security focus in Eastern Europe. The EU has responded with sanctions, financial aid, and military support, including the European Peace Facility, underscoring its evolving role in countering Russian influence and contributing to the stability of Eastern Europe. Ukraine's integration into the EU is strategically crucial for both parties. This partnership not only reinforces Ukraine's democracy and security but also strengthens the EU's eastern borders and stability. Ukraine's potential membership reflects a commitment to a more secure, united Europe amid ongoing geopolitical tensions.
- Ukraine's journey towards EU membership is expected to be lengthy, complicated by the need for substantial reforms and the ongoing war with Russia. Despite granting Ukraine candidate status and beginning negotiations, the EU faces challenges as Ukraine's accession hinges on both ending the conflict and implementing deep systemic changes.

- Ukraine's relationship with NATO has evolved over the past decades, from a Peace Partnership to an Enhanced Opportunities Partnership in 2020. While NATO acknowledges Ukraine's alignment with its standards, formal membership has been delayed, largely due to fears of escalating the conflict with Russia. Since the 2022 Russian invasion, NATO has ramped up security assistance for Ukraine, including the creation of joint defence initiatives and the NATO-Ukraine Council. "Coalitions of the willing" within NATO have provided targeted support, but without full Article 5 protections.
- Ukraine's NATO membership remains uncertain, hindered by NATO's cautious stance. Until formal membership is feasible, Ukraine may adopt a security model similar to Israel's – relying on strong bilateral agreements and self-defence capabilities. NATO continues to affirm that Ukraine's future lies within the Alliance, even if the timeline remains indefinite.
- Ukraine's economy is heavily reliant on agriculture, particularly cereals and oilseeds, which constitute a large part of its exports. However, the ongoing war has led to significant deindustrialisation, with manufacturing now less than 8% of GDP.
- Despite high export potential, Ukraine's trade has been impacted by port blockades and declining global prices for key exports. Efforts are underway to focus on higher-value products and utilise newly established Black Sea maritime corridors to stabilise trade. Additionally, the conflict has triggered skilled labour shortages, demographic challenges, and high

outflows of the workforce. Strategic measures are required to support labour mobility, gender equality, and the integration of displaced workers to bolster Ukraine's labour market amid European integration efforts.





Oleksandr Bogomolov, Viacheslav Potapenko

## **West-gravitating strategic reorientation of Ukraine – challenges and opportunities for Ukraine and Central Europe**

Sustainable international support for Ukraine's defence and security sector in the mid-term perspective will serve two essentially interlinked objectives: ensuring the steady socio-economic recovery of Ukraine and deterring the threat of renewed Russia aggression. Investment in strengthening and upgrading Ukraine's defensive capabilities will help Ukraine meet its national goals and serve as a key element in the emerging European security architecture in the long-term perspective.

Much like the rest of the world, Europe now finds itself at a turning point. The pressing necessities of countering the Russian threat, which will persist at least in the mid-term perspective, changing geopolitical rationalities, and, particularly, the global shift from super-power politics to regional systems, are bringing the concept of Central Europe back to the fore. Ukraine is also part of this region, sharing

with it historically forged cultural codes, economic interests and future development aspirations.

For most of the pre-war period, European integration was Ukraine's overarching foreign policy priority, and a driver of the on-going reforms in domestic public policy areas. The full-scale Russian invasion has added a new sense of urgency to Ukraine's European aspirations. Europe has now become Ukraine's strategic depth in every practical sense. While for Europe, Ukraine has effectively become a frontier protecting it from an increasingly militaristic, revisionist Russia bent on undermining European democracies and reinstating itself as a preeminent military and political power on the continent.

This calls for rethinking the rationale and modalities of the Polish-Ukrainian strategic partnership, as proclaimed in the early years of Ukraine's independence, and situating it within a broader Central European regional framework. The truly strategic significance of these bilateral and multilateral ties is now obvious to both Ukraine and Poland.

Despite a long history of cultural and commercial cooperation and hostility, well documented over the past thousand years, the modern contours of the Central European countries were largely shaped by the aftermath of the World War I. In 1920, Poland and Ukraine faced an attempt by the Russian Empire to re-establish itself, now in a new communist reincarnation. Then Poland defended its independence, while Ukraine lost it. However, after World War II, the region lived under occupation by the Soviet Army, formalised by the Warsaw Pact. The military, political, social, and economic activities of Ukraine and Poland were directed from Moscow, with Russian made mandatory in schools – even

for our generation, which is now actively living and working. A similar situation took place in other Central European countries. The withdrawal of Soviet troops from Germany and Central Europe created strategic security conditions for the restoration of independence and development in the 1990s.

The collapse of the Soviet Union and emergence of Ukraine as an independent European nation has triggered a profound transformation of the new country's society and economy, which is still ongoing.

In the domain of foreign and domestic policies, Ukraine's re-orientation away from the former imperial centre toward the West has been gathering pace from the early years of independence. This is reflected in Ukraine's persistent reluctance to join various Russia-led multilateral integration projects lumping together its former imperial domains (EAEC, SCTO etc.), culminating in the official adoption of the course on European integration and the Euromaidan revolution.

While the focus in policymaking had been on economic liberalisation and nation-building, Ukraine's most definitive geographic realities inherited as a result of decades of Soviet rule, until recently, had largely remained unaffected. Ukraine's economic and human geography was shaped by two major factors: the legacy of Soviet industrialisation and the Cold War. While the former created an economy based on a grid of large industrial enterprises, the latter factor affected its gravitation toward the East. The most obvious case in point would include, importantly, defence industrial base elements, such as the Pivdenmash airspace manufacturer (Dnipro), the Motor Sich aircraft engine manufacturer, and



the major Soviet tank manufacturer, the Kharkiv Tractor Factory. Ukraine also functioned as an important East-West transit hub, particularly essential for Russia's gas and oil exports to Europe, a role it struggled to preserve even after the onset of the military aggression in 2014.

While Russia's decision to invade Ukraine in 2022 was motivated by a desire to bring the country back to fold, the aggression has effectively reinforced a reverse process – notably, in geographic terms. The westward-leaning orientation, once rooted in political and cultural aspiration, has now become a security and economic necessity.

The West-gravitating socioeconomic reality that has emerged in the aftermath of the ongoing war is in fact not a new phenomenon. In significant measure, it represents a return to the mid- to late 19th century situation, in which Western technologies and investment entered Ukraine, while the output of the agricultural and industrial sectors was largely exported to Europe. The reality of the Western region of Ukraine potentially becoming a new centre of gravity in post-war reconstruction efforts, an infrastructural and technology hub and a driver of deep integration with the rest of Europe is, in fact, a kind of future, which is a forgotten past.

The export-oriented wheat production cluster was created in the steppe zone of Ukraine in the mid-19th century. Dozens of ports were constructed along the Black Sea and Azov Sea coastal lines. In 1863, the first railway from Balta to Odesa was launched, and by the end of the century, the entire Black Sea and Azov Sea regions were covered by a railway network.

Both industrial mining clusters created in Ciscarpathia (Western Ukraine) and Donbas were Western technology

transfer and investment projects. Belgian investors industrialised Luhansk Oblast by building 90 industrial enterprises, bringing cutting-edge technologies to the mining sector, and building transportation and social infrastructure. Donbas was then humorously hailed as the “10th province of Belgium”<sup>1</sup>, with a direct train line connecting Brussels to what is now the city of Dnipro.

British investors like John Hughes, the most well-known among them, founded what is now the city of Donetsk (originally, Yuzivka) and set up industrial coal mining and metallurgical production<sup>2</sup>. The products were exported via the Mariupol port on the Azov Sea coast.

In 1896, the German Adolf Rothstein and American Edmund Smith founded the Nikopol-Mariupol Mining and Metallurgical Company. A metallurgical factory, equipped with a pipe welding machine, was shipped by steamboat from Seattle, and the factory’s products were certified by Lloyds Shipbuilding Company<sup>3</sup>.

At the end of the 19th century, Austrian investors founded oil refineries in the Boryslav-Drohobych oil and ozokerite field, and in 1872, a railway was laid. In 1909, 5% of the world’s oil production was concentrated in this region<sup>4</sup>. The telephone cable laid from Europe to America along the bottom of the Atlantic Ocean a hundred years ago was insulated

<sup>1</sup> *Yevropeyskyi Donbas. Shcho robyly belhiitsi u Lysychansku?*, Skhidnyi variant, 21 July 2022, <https://v-variant.com.ua/ru/article/belhiitsi-u-lysyshchansku/>.

<sup>2</sup> *Istoriia, yaku nyschchlyly: yak 120 rokiv tomu vyhlidav yevropeyskyi Donetsk*, Radio Svoboda, 11 May 2021, <https://www.radiosvoboda.org/a/yuzivka-staryi-donetsk/31208856.html>.

<sup>3</sup> *The industrial development of Mariupol during the nineteenth – the early twentieth centuries*, Mariupol State University, December 2013, [https://repository.mdu.in.ua/jspui/bitstream/123456789/1319/1/promyslovyi\\_rozvytok.pdf](https://repository.mdu.in.ua/jspui/bitstream/123456789/1319/1/promyslovyi_rozvytok.pdf).

<sup>4</sup> *Drohobysko-Boryslavskyyi promyslovyi raion*, Velyka Ukrainka Entsyklopediia, [https://vue.gov.ua/FREEARTICLES:Дрогобицько-Бориславський\\_промисловий\\_район](https://vue.gov.ua/FREEARTICLES:Дрогобицько-Бориславський_промисловий_район).

with Boryslav ozokerite<sup>5</sup>. Soviet industrialisation and the development of the agricultural industry in the 1930s maintained the tradition of borrowing Western technologies and acquiring entire processes and equipment; however, in addition to export specialisation, the powerful military-industrial complex began to develop. The military-industrial complex was a network of enterprises spanning the European part of the Soviet Union, which, in the aftermath of World War II, was partially relocated to the Asian part of Russia.

The Russian full-scale aggression of 2022, which led to the dominance of security factors in society and economy, has set Ukraine on a course of westward-oriented strategic re-orientation. The new, effectively reversed, east-to-west map of Ukraine is presented in Figure 1.

The practically secure zone, as defined above, should become an area of enhanced European integration and, in this capacity, a driver for the rest of the nation. For Ukraine's success in the future, it is highly desirable to ensure an equal measure of security for at least the western part of Odesa Oblast (formerly Izmail Oblast, Ukrainian Bessarabia, or Budzhak). This is only achievable by ensuring the security of the entire Western Black Sea area or at least Transnistria.

This region is included in transport corridors and is situated logistically close to the EU, with European integration programs having been implemented there for many years. In our opinion, it is advisable now to focus on the development of two clusters: Ciscarpathia and Cisdanubia.

<sup>5</sup> *Boryslav. Vse pochalosia z nafty: okhochykh zaproshuiut oznaiomytysia z turystychnym potentsialom mista*, Lviv Regional State Administration, 12 February 2021, <https://old.loda.gov.ua/news?id=56997>.

Figure 1



Source: own elaboration.

Any development scenario will bring EU and NATO standards closer and meaningfully contribute to Ukraine's GDP growth.

The Ciscarpathia industrial cluster Sambir – Drohobych – Stryi – Kalush should be reconstructed based on new energy- and resource-efficient technologies and the development of railway (European track gauge) and road logistics. Proximity to the border with the EU, the availability of minerals, energy supplies (Burshtyn TPP) and the availability of freshwater, even if limited, will enable the development of these territories. Defence enterprises should be the cornerstone of their development.

The Western region needs infrastructure development to increase housing construction and the creation of new industrial sites in Zakarpattia and Lviv oblasts, as well as in Ivano-Frankivsk and Volyn oblasts. It is feasible to develop industrial parks. Priority should be given to new industrial enterprises with modern technologies, which use fewer raw

materials and energy for production. It is also reasonable to build new cities in the region, while taking advantage of the circular economy and green technologies. The limited natural resources of the western region and security considerations make the EU Green Deal economically feasible.

The development of the Cisdanubia cluster on top of securing free navigation in the western part of the Black Sea would also require the establishment of an economically efficient transport connection through Moldova as well as the construction of a heavy-duty power generation grid. To date, Ukrainian Bessarabia (Budzhak) is supplied from Dubosary HPP, which is located in Transnistria and currently controlled by the Russian Federation. It is also advisable to consider the possibility of Moldova transferring to Ukraine a land transport corridor near the village of Palanka, as agreed in exchange for the land where Moldova's Giurgiulești port was built. This transfer would significantly increase the security of critical infrastructure and transport.

Chervonohrad, which is part of the Lviv-Volyn coal basin, and Solotvyno, with its rock salt deposits, can also become growth points where rail and road connections with Poland and Romania could be recovered, respectively. The Uzhhorod-Mukachevo area is also promising for the development of high-tech industry without significant energy and resource requirements. The movement of the population to the western regions has already partially taken place. With the creation of jobs and housing, this migration from the front-line and de-occupied areas would increase in the future due to security reasons and the search for employment. Part of those returning from abroad will likely settle in the western region, given the loss of housing in eastern Ukraine.

A rapid implementation of European norms regarding language, cultural, and historical policies; a stronger local identity; and instruction in EU languages may be important tools for regional development. This practice is useful not only in terms of facilitating Ukraine's European integration, but it can also attract people and investments from neighbouring Poland, Hungary, Romania, and Bulgaria. Hungarians, Romanians, Bulgarians, Gagauz people, as well as dispersed Polish and Moldovan populations live compactly in these territories. Partial or qualified restitution of property in the territories annexed after 1939 can be another tool for the expedited European integration of these territories. For example, the return of property to the descendants of former owners may be conditioned upon a three-year investment period.

With the North-South transit potential constrained by maritime threats in the South, and Belarus remaining a Russia-controlled, unfriendly entity, the best option for what has been defined above as the "mostly secure zone" is to focus on becoming an area of sustainable development<sup>6</sup>. This, in the mid-term perspective, involves the maintenance, stabilisation and repurposing of existing economic capacities. The promising future development of agricultural produce processing, such as the production of flour, oil, and butter, has already begun.

The manufacture of machinery, in particular as part of the complex, should be reoriented to the modern needs of the defence forces of Ukraine. In Kyiv alone, dozens of

<sup>6</sup> For definition see: <https://circularecology.com/sustainability-and-sustainable-development.html>.

manufacturers of transport aircraft, radio reconnaissance and electronic warfare systems, optical components, as well as ship repair yards and armoured vehicle repair facilities have partially survived. For the defence industrial base to meet the new enhanced requirements, more effort should be placed into the development of more advanced planning capabilities, networking with customers and achieving greater synergy with NATO partners.

Part of the population has left the area of sustainable development for EU countries, but many IDPs have arrived from the western and southern oblasts. This especially applies to villages with a population of 10–20 thousand, where the population has already increased by 10–20%.

It is necessary to recover and develop the transport network between the centres of territorial communities, which were created in the course of decentralisation in 2014–2021, and not only the roads connecting to oblast centres. This will contribute to the development of small and medium-sized businesses, increase business activities, and build up economic and institutional capacities in most communities. These changes will be a real step towards Ukraine's capability to finance itself independently before hostilities are over.

The area unscathed by the occupation sustained only minor scars from Russian missiles and drones. It stands to benefit from the advancement of green economy technologies. This transformation aligns with Ukraine's goals for EU standards harmonisation, including the Green Deal.

Areas defined (Figure 1) as being in a potentially insecure zone, including the border with the Russian Federation, the Republic of Belarus, the front line to a depth of 100 km, the region from Transnistria to a depth of 20 km, and the

Black Sea coastal line will have to function as Ukraine's security belt.

When Ukraine restores its sovereignty within its 1991 borders, provided the Russian Federation retains its control over the Republic of Belarus, Transnistria and the western part of the Black Sea, the security belt areas will shrink, though not significantly. They will still include a strip 100 kilometres wide and more than 1,000 kilometres long from the Polish border to the Russian Federation; the entire coastal strip 20 km wide from Mykolaiv to Reni, with a length of more than 600 km; and a 20 km strip around Transnistria.

The total area of the security belt territories will be approximately equal to the area of all the Baltic countries. The cities of Odesa, Kharkiv, Sumy, Chernihiv, and Varash (Rivne NPP) will remain in this zone of potential risk and they will prioritise security in their development.

The territorial communities within the security belt areas have partially preserved their social fabric and economic resources; therefore, it is feasible to recover them in proportion to the population that stayed in these places and the support required for local businesses. The focus should be on security sites: military bases, fortifications, and military infrastructure. It is advisable to invest in the development of the agricultural and mining industries.

Territorial communities should be united based on the new socio-economic conditions that have unfolded. The settlement system, electricity and water supply system, warehouses, oil depots, etc. must be a distributed network. The artificial recovery of large cities is impractical. However, it is feasible to facilitate the relocation of IDPs from Donetsk, Luhansk, Zaporizhzhia, and Kherson oblasts – particularly



those with practical experience in industrial work from Dni-pro and Kharkiv, where they currently reside – to the central region of Ukraine, which is territorially closer and has a less distinct local identity.

These territories should receive support, but the development of many communities, especially in Kharkiv, Sumy, and Chernihiv, will most likely be problematic. This means that it is necessary to account for possible scenarios of permanent reductions in the population. Most of these areas will show depressive trends. It is sound to invest in maintaining existing jobs and critical infrastructure, as well as provide assistance for security and humanitarian reasons.

The areas defined above as the insecure zone include the de-occupied territories, which were under occupation for more than three months in 2022: the eastern part of Kharkiv Oblast, the western part of Donetsk Oblast (Lyman, Sviatohirsk), the right-bank part of Kherson Oblast, and areas that will be de-occupied in the future.

The policies for these areas should prioritise the creation of security conditions and the development of a new social fabric and the economic foundations of the life of territorial communities. Long-lasting occupation results in changes in the social composition of the population and the severing of social and economic ties with mainland Ukraine. Most transport and industrial facilities have been destroyed, and the territory is mined and polluted.

Based on the experience gained from the de-occupation of Kharkiv and Kherson oblasts, a significant part of the local authorities fled to Ukrainian territory before the occupation, or to Russian territory before the liberation. This, along with ongoing shelling and the destruction of

the economy, resulted in a population reduction of about tenfold. Therefore, we argue for the need to build new communities in the de-occupied territories, and not to restore the destroyed ones. Issues such as local identity, cultural heritage, economic specialisation – not just security – need to be addressed in this context.

In the short term, it is necessary to establish military strongholds and security zones from the Russian Federation and create a security network (the National Police, Security Service of Ukraine) that would include the identification and punishment of collaborators. The provision of veterans with housing and jobs or conditions for farming on these lands is an important component of security. The involvement of specialists, who would help to create a network of education, medical care, communication, budget-paid jobs and preferences for small and medium-sized businesses, would contribute to the partial return of IDPs. Also, some IDPs were collaborators and could move to the EU through the Russian Federation in 2022, which requires appropriate checks. As a priority measure, it is necessary to demine populated places, transport communications, and social facilities, while also deploying international humanitarian missions.

In the short term, modernised military administrations with expanded economic powers should run communities in the de-occupied territories. Once martial law is lifted, military-civilian administrations should also be restored. The recovery of new local governments is possible only after the creation (construction) of capable territorial communities.

In the medium-term perspective, international assistance for the formation of the security sector, demining, the

recovery of the minimum transport infrastructure to ensure defence, humanitarian support for socially vulnerable categories of the local population, and assistance in creating conditions for the relocation of the population to the Central and Western regions is welcome. Economic recovery projects may relate to the development of the agricultural and mining industries.

In our opinion, the temporarily occupied territories will remain dangerous areas in the medium term, even after their liberation. The morally weakened and depopulated communities will have no capacity to address the issues of education, culture, and identity, which, in line with the Ukrainian pre-war decentralisation reform, had been the remit of the local self-governments. In the initial phase, the state-appointed local executive authorities should take the lead in dealing with this sensitive agenda.

While the war continues, the areas that remain insecure due to the threat of ongoing Russian artillery attacks have no development potential and no amount of investment can change the ongoing degradation of these areas, unless hostilities cease. It appears that Russia, by persistently targeting areas such as right-bank Kherson, may be deliberately trying to create the impression that liberation does not help improve living conditions.

In sum, the restoration of the de-occupied territories should operate as a single program prioritising the security agenda and humanitarian needs. As for the population, it is reasonable to facilitate its movement (especially young people) to safer and more promising western and central regions.

Key elements of a new socioeconomic reality shaped during the war are already firmly in place and will not change even when all the territory of Ukraine within its internationally recognised borders is liberated. With the persistent threat of renewed Russian aggression, the northern, southern, and eastern areas within the insecure and potentially insecure zones as defined above will function as Ukraine's security belt, where policy priorities will be defence, security, and humanitarian assistance.

NATO-provided security guarantees covering at least the western Black Sea may give a strong impetus for European integration not only in the western but also in the central regions of Ukraine. The opportunities available for a thorough socioeconomic reconstruction of the liberated territories will remain limited in the mid-term perspective due to the persistent threat of Russian aggression. These limitations notwithstanding, Ukraine will still be able to rebuild an efficient economy if its international partners continue to provide support, while the current level of threat persists and their assistance efforts are targeted toward technological renovation and strengthening ties to Europe, as opposed to the reconstruction of a version of the post-Soviet socioeconomic landscape.

The practice of cooperation with the European neighbourhood – Poland, Slovakia, Romania, Hungary, and the Baltic states – during 2022–2023 has demonstrated that sincere empathy and shared security concerns cannot substitute for effective policy and a concentrated engagement by the European Commission. NATO's involvement is likewise needed in order to sustain, smoothen and enhance all

the existing lines of cooperation that have been emerging in an ad hoc manner, in economic, defence and humanitarian areas.

Sustainable international support of Ukraine's defence and security sector in the mid-term perspective will serve two essentially interlinked objectives: ensuring a steady socioeconomic recovery of Ukraine and deterring the threat of renewed Russian aggression. Investment in strengthening and upgrading Ukraine's defence capabilities will help Ukraine meet its national goals and serve as a key element in the emerging European security architecture in the long-term perspective.

For Ukraine, as well as its neighbours, it is important to understand that while Ukraine has just embarked on a complicated EU accession process, with its immanent focus on the institutional development, Ukraine's accession is not a delayed perspective, but is already happening as we speak, in daily interactions between Ukrainians and their Central European neighbours. Moreover, Ukraine is not returning to an imaginary or merely political Europe, as often appeared to be the case before, but to a specific European region that it historically belongs to – Central Europe. The gravity of current challenges, both regional and global, calls for a comprehensive Central European strategy that would help address the current and potentially greater future threats to regional security, contributing thereby to protecting liberty, peace and prosperity across all of Europe, which will translate into a set of concrete transborder projects covering a broad range of areas including, but not limited to, infrastructure and economic development, cultural and academic exchange, etc.



Oleksandr Sukhodolia

## **Ukraine's energy sector lessons for Central Europe**

The processes currently observed at the global and regional level form new challenges for individual countries and entire regions. Central Europe is one of the regions on the verge of significant geopolitical changes. The growing aggressiveness of autocratic regimes, the resurgence of economic and technological protectionism, and the rethinking of security models in Europe necessitate a reassessment of the role of Central Europe in ensuring sustainable future development of Europe.

The states of Central Europe, taking into account the historical context, have to be ready to respond to the worst-case scenarios. Nowadays, the scenario of an energy supply blockade and critical infrastructure damage within the region should not be rejected.

The new vision of Central and Eastern Europe within the European Commonwealth can be built only off of a comprehensive assessment of the existing crisis-response

experience. Ukraine has such experience. Despite the massive scale of energy infrastructure destruction, Ukraine has demonstrated a high level of national resilience and the ability to provide energy supply to consumers amid ongoing war. Central European energy resilience could be built on lessons learned by Ukraine.

### **Ensuring resilience of the country's vital functions and services in the conditions of war: Ukraine's experience**

The war unleashed by Russia against Ukraine has once again demonstrated that the reliable operation of the energy sector is the most important for a country's survival. The continuity of energy supply affects a country's ability to meet the basic needs of society and economy and support national defence capabilities.

The Law of Ukraine *On Critical Infrastructure*<sup>1</sup>, adopted on the eve of the war (December 2021), created a legal framework to streamline the activities of many stakeholders in the field of critical infrastructure (CI). It should be noted that the Law introduced two equally important tasks – to provide security of CI and to ensure the resilience of vital functions and services (VFS). This approach proved to be effective two months later, from the start of the unprovoked Russian invasion and massive destruction of CI.

In the area of CI security (protection), the main tasks are assigned to the CI operator and relevant state authorities. Their performance is regulated by several regulatory tools, in particular, CI protection plans and interoperability

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<sup>1</sup> See: <https://zakon.rada.gov.ua/laws/show/1882-20#Text>.

plans for actors involved in carrying out protection tasks for specific CI facilities. Among the most important practical measures of CI protection are:

- Strengthening the physical protection of CI facilities (tightening the perimeter and territory around facilities).
- Introducing protection systems against unmanned aerial vehicles and missile strikes (ECM systems, mobile air defence units, and a three-tier engineering protection system).
- Organising anti-ballistic missile defence (covering CI objects with available air defence systems).

According to government officials and the Electricity Transmission System Operator (Ukrenergo), these measures have significantly mitigated the impact of Russian air raids on Ukrainian energy infrastructure. In particular, they have considerably reduced damage to energy infrastructure from direct hits and debris.

Unfortunately, the war demonstrated some miscalculations in CI protection policy. Among them is the importance of preparedness for acute threats within national defence policy. The measures taken by responders in the initial stages of war were insufficient. Though the warnings of Russia's intentions to target CI were available, proper work on the analysis of the security environment, particularly the identification of critical military threats to CI was not carried out before the Russian invasion. Consequently, no adequate plans were prepared to respond to the massive destruction of energy infrastructure in a large-scale armed invasion. Most importantly, the war highlighted the importance of full-scale anti-ballistic missile defence systems protecting national CI.



However, the security aspect of CI is only part of a more complex task – to ensure the resilience of CI operation and the provision of VFS to end users. Resilience goes beyond the operation of a single CI facility and requires the consideration of various aspects of VFS provision and the involvement of a wide range of actors. Regarding resilience, the law requires the development of plans for interaction and maintenance of VFS in case of a disruption of CI functioning.

Ukraine’s practical experience in ensuring energy supply resilience deserves special attention. Despite the scale of destruction<sup>2</sup>, Ukraine was able to supply energy and quickly resume energy supply to consumers in cases of CI damage<sup>3</sup>. A study of Ukraine’s experience identified a variety of tasks to ensure the resilience of energy supply to consumers at the national and community levels<sup>4</sup>.

To increase the resilience of energy supply to consumers, measures were applied that ranged from the expedient restoration of damaged CI to reducing energy demand (both voluntary and mandatory) and providing alternative energy supply options (reserve energy sources, alternative fuels, backup supply chains). These measures were supported by the state, which provided overall coordination of

<sup>2</sup> During different periods of the war starting in February 2022, from 30 to 80% of Ukraine’s energy assets were out of use due to destruction. About 50% of energy sources have not been available to consumers since November 2022 because of continuous attacks on Ukraine’s energy infrastructure. In March–April 2024, Russia destroyed almost all of Ukraine’s thermal power plants (TPPs) and many hydroelectric power plants (HPPs) by massive missile strikes.

<sup>3</sup> O. Sukhodolia, *Ukrainian Energy Sector under Military Attack: Lessons for Resilience*, [in:] *War and Energy Security: Lessons for The Future*, Tallinn 2023, <https://icds.ee/en/war-and-energy-security-lessons-for-the-future/>.

<sup>4</sup> O. Sukhodolia, *Resilience of critical energy infrastructure and communities: report*, Kyiv 2024, DOI: 10.53679/NISS-analytrep.2024.04.

the involved actors, as well as organisational and legislative support for resource mobilisation (including international assistance).

Under the conditions of war, private-public coordination and cooperation are fundamental to crisis management. Ukraine has strengthened this aspect of response-planning by creating coordination headquarters at different levels of crisis management.

The Headquarters, at the national and local level, effectively addressed urgent problems that arose during the restoration of critical energy infrastructure and the coordination of efforts to restore energy supply to end users. Energy companies (private and state-owned) established crisis response and management teams as well. The key task of such teams was to ensure the restoration of energy infrastructure functionality as fast as possible. A system of interaction between energy companies, military, and law enforcement units was established to ensure the necessary conditions for response. Similar coordination headquarters have been established at the level of local communities to maintain communities' normal living conditions.

Further, the National Security and Defense Council of Ukraine adopted special decisions aimed at intensifying the efforts of all potential stakeholders to ensure energy supply resilience. This was a strategic direction of Ukraine's energy system transformation from centralised towards distributed generation based on local resources and renewable energy sources.

Unfortunately, in the pre-war period, there was not a plan prepared in case of potential disruptions in energy supply. Therefore, measures were developed and applied as an *ad hoc*

emergency response. However, the provision of electricity to end users was achieved through the involvement of a wide range of actors and effective coordination of their efforts. Therefore, the effective coordination framework among different stakeholders to ensure the energy supply to consumers is one of the successful lessons to be learned. The other is that energy resilience plans need to be developed in advance at national and local levels. Such energy resilience plans become an obligation for communities.

Two groups of response measures to disruptions of CI functioning can be outlined, which should be considered while developing resilience plans:

- 1) *Emergency Response Measures*: First-line responses to address the negative impact of threats, including:
  - Increasing the number of maintenance teams, their capabilities, as well as streamlining their coordination with military and local authorities for the early but safe resumption of power supply;
  - Accumulating equipment, resources, and materials for rapid repairs, and coordinating actions of all stakeholders to organise the supply of equipment (components) from other regions of Ukraine and the world;
  - Carrying out repair and reconstruction work according to situations on the ground;
- 2) *Measures to Mitigate the Impact*, including:
  - Reduced demand for services (energy conservation and efficiency, voluntary reduction of energy consumption);
  - Employment of reserve capacities to increase service delivery (backup and alternative energy sources);

- Shifting timing of peak service demand (time shift of production cycles and work schedules);
- Substitution of some services by others (replacement of functions/services to reduce energy demand);
- Introduction of power consumption restrictions (limits on energy consumption, consumer categories).

By applying measures of protection and measures to ensure resilience, Ukraine achieved the utmost goal – to provide energy supply to consumers, despite the war, though at a decreased level in some periods. The lesson learned is that CI, which supports lifeline services and governance, requires uninterrupted power supply. This could be achieved through the decentralisation of power supply that could support CI in times of damage to the main power network.

### **Ukrainian learned lessons and recommendation for Central European countries**

The generalisation of the Ukrainian experience makes it possible to identify some key lessons.

A robust and interconnected energy system is important. The size of the national energy system, redundancies in power generation and transmission capacities, and widespread territorial distribution of the infrastructure provided the energy system a certain base level of resilience to attacks. In addition, the interconnection of the Ukrainian power grid with neighbouring EU countries became important for the resilience of the system. This interconnection allows the export of electricity at times of overproduction and creates the possibility of covering potential deficits by import, further improving power grid resilience.

The protection of critical infrastructure from kinetic attacks has to be adapted. The measures taken by Ukraine before the invasion to ensure the physical protection of critical energy infrastructure proved insufficient. These were intended to defend against acts of sabotage and terrorist attacks but not from full-scale military capabilities aiming at the destruction of CI. Russia crossed internationally accepted thresholds of attack on energy infrastructure, widely using missile bombardment. At the same time, Ukraine did not have adequate means of protection against such attacks. Thus, it became apparent that CI protection must be an integral part of defence planning by military authorities in peacetime. Moreover, the regional system of anti-ballistic missile defence has to be discussed at the international level.

Availability of spare parts is crucial, but a single country could hardly manage it. The Ukrainian energy industry stockpiled spare parts before the invasion to be ready to repair equipment. However, due to the scale of damage, Ukraine quickly ran out of spare parts. Therefore, international support in supplying Ukraine with specialised equipment and spare parts became important. A dedicated coordination body, the International Energy Advisory Council, was established in November 2022 for international assistance coordination. Later, the Ukraine Energy Support Fund<sup>5</sup> enabled governments, international financial institutions, and international organisations, as well as corporate donors to provide support to the Ukrainian energy sector's efforts to continue functioning.

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<sup>5</sup> <https://www.energy-community.org/Ukraine/Fund.html>.

Establishment of alternative energy supply options. After the massive destruction of energy infrastructure, Ukraine faced a deficit in electricity. Due to the successful synchronisation of Ukrainian power networks with ENTSO-E, Ukraine started importing electricity in the Autumn of 2022. The deficit of motor fuel, caused by the destruction of Ukrainian oil refineries and oil depots, was moderated by the supply of fuel from EU countries and the targeted deliveries of fuel in small batches directly to gas stations, as well as the diversification of fuel storage at small oil depots.

Renewable and alternative energy sources are important for building energy supply resilience. The industry and municipalities widely use renewable energy sources such as biomass, solar, and wind power. Such alternative energy sources are important for supporting the operation of different CI that supports VFS, especially in remote locations. From 2024, the acquisition of renewable, as well as mobile gas-fired, power stations with capacities of 3 to 50 MW was planned and supported by the Ukrainian government for the emergency supply of CI.

Generators and batteries play a crucial role in ensuring VFS for the Ukrainian population when the power supply fails. Many small and medium enterprises, offices, households, shops, gas stations, etc. across the country were equipped with generators and could provide services during a power outage. The scale of the utilisation of autonomous generators drastically increased beginning in May 2024 after the recent, massive destruction of Ukrainian power generation.

Decentralisation is important for energy supply resilience. Facing Russian's strategy of destruction of energy infrastructure, Ukraine is moving away from centralised, large

Soviet-era infrastructures. The development of a decentralised energy system, by increasing the number of power generation facilities while simultaneously reducing spatial disparities in their localisation, will improve the overall reliability of energy systems and reduce their vulnerability to attacks. The Ukrainian government announced that the decentralisation of the energy system, renewable energy systems, and energy efficiency measures are priorities for energy sector transformation for years to come. The success of Ukraine in developing a new approach to the further development of the energy sector is a good case for any Central European country to learn from in order to achieve the goals of the EU energy transition policy.

The war in Ukraine has shown that an individual country cannot quickly and independently restore its energy supplies, especially smaller nations with less diversified systems. International assistance is crucial for bridging emerging shortages in essential services; for example, by importing electricity and supplying spare parts to restore damaged infrastructure. Yet cross-border threats require cross-border cooperation mechanisms to provide security for energy infrastructure. Therefore, at the Central European regional level, it would be beneficial for all countries to establish a wide system of mutual crisis assistance, including joint reserves, stocks of equipment, and spare parts.

### **Ukraine as a member of the Central European Community: the vision for all**

Ukraine's chosen strategic course for full Euro-Atlantic integration has been validated in many different dimensions. Ukraine is taking its historical place among Central

European countries. The achieved level of transposition of EU energy legislation into Ukrainian law, the level of technical integration of Ukrainian electricity and gas networks, and the start of commercial transborder trading of different energy products (electricity, gas, and motor fuel) have already made Ukraine part of the EU energy market, particularly in relation to Central Europe.

### **Integration of power markets in Central European countries**

Since March 2022, the Ukrainian power system has been operating in synchronous mode with ENTSO-E. Before the Russian massive bombardment of energy infrastructure, Ukraine had supplied electricity to EU countries to help moderate price volatility in their markets. During periods of power shortages due to the destruction of energy facilities, Ukraine has had the technical possibility to import electricity from EU countries.

At the beginning of the war, Ukraine had a rather limited capacity for electricity interconnectors with the ENTSO-E countries. At present, the technical options for transborder power flow were expanded. In May 2023, an interstate power transmission line connecting the Khmelnytskyi Nuclear Power Plant (NPP) in western Ukraine to Rzeszów in south-eastern Poland was put into operation. By December 2023, Ukraine could import 1,700 MW of power from EU countries. Currently, discussions are underway to increase interconnector capacity to 2,400 MW.

Closer technical integration helps open Ukraine's huge potential for producing green energy. Low-carbon electricity supplies from Ukraine will support EU green transition goals and significantly strengthen energy security in Central



and Eastern Europe. By learning lessons regarding energy supply resilience in war conditions, Ukraine is developing legislation that supports self-sufficient local communities. Stimuli were introduced to expand the share of local and renewable energy in the energy balance of territorial communities, as well as the development of distributed generation and smart grids. The EU TENs policies for the development of Union-wide energy infrastructure for smart grids (electricity and gas), combined with the urgent needs of Ukraine and the technical capabilities and investments of Central European countries could ensure a synergy that will lead to energy transition within the whole region.

**New opportunities for cooperation  
are emerging in the gas sector**

The gas sector of Ukraine seamlessly fits into the overall EU concepts of energy supply diversification. Further increase of cross-border network capacities between Ukraine and neighbouring EU countries and the utilisation of underground natural gas storage facilities available in Ukraine make it possible not only to implement EU plans to create a strategic gas reserve, but also to organise a Central European gas hub.

The integration of Polish and Ukrainian transmission systems within the EU North-South Gas Corridor will enable direct flows from the LNG terminal in Świnoujście through Central and Eastern European countries via cross-border interconnections. The Gas Interconnection Poland-Ukraine is also important for enabling gas transmission from the planned Norwegian Corridor (Baltic Pipe) through the Polish national gas transmission system towards Eastern

Europe. Ukrainian participation in the Trans-Balkan Corridor, particularly on its use in the reverse mode, would help create a strategically important link connecting the Greek LNG terminals, Ukrainian underground storage facilities, and customers in Central and Eastern Europe. The activation of the Vertical Corridor, through the appropriate upgrading of the gas networks of the participating countries (Central, Southeastern Europe, Moldova, and Ukraine) will enable the transport of gas from the South to the North and vice versa, increasing supply resilience and security for the region.

An opportunity has emerged to establish a platform for trading gas of different origins, as well as green energy resources (biogas, hydrogen). In March 2023, Ukrainian and Polish Gas Transmission System Operators signed a Memorandum of Cooperation to improve pipeline interconnection, which also envisages the creation of a research platform for the transportation of renewable gases (biomethane and hydrogen). Ukraine is actively preparing a regulatory framework to ensure compatibility with EU requirements for biomethane production and its export to the EU. Potentially, Ukraine can produce up to 10 bcm of biomethane per year. In the case of hydrogen transportation, Ukrainian companies have already joined the “H2EU+Store” initiative and will now produce “green hydrogen”, which can be stored in Ukrainian gas storage facilities and exported to EU countries. Gas Transmission System Operators of Ukraine have become a part of the Central European Hydrogen Corridor initiative. The European Commission placed the initiative on a list of projects of common and mutual interest for the modernisation of the European energy system.

## **Ukraine supports the regional nuclear energy security of Central Europe**

Ukraine is the first country in the world to have succeeded in substituting Russian nuclear fuel for nuclear power plants for Soviet technologies with alternative fuel produced by Westinghouse Electric Sweden AB. Ukraine can help other countries to diversify their fuel supply as well. Today, there are 17 Soviet-type nuclear power plants operating in Europe, which until now had no alternative to Russian fuel. Ukraine, in cooperation with Westinghouse, is already proceeding with fuel assemblies for these reactors (VVER-1000 and VVER-440). The option of creating an independent supply chain of nuclear technologies for Central European countries through joint efforts is now open for discussion.

Ukraine can contribute to the efforts of Western democracies to reduce dependence on Russian nuclear technologies (the G7 countries agreement<sup>6</sup>) globally. The country possesses significant resource potential (uranium deposits), a significant market volume (reduction of market entry costs), a technological base, and qualified personnel (developed nuclear industrial complex and a system of personnel training). Ukraine has already concluded a number of agreements with international partners, allowing the establishment of a new supply chain from uranium production to its conversion, enrichment, and production of nuclear fuel assemblies. Ukraine can also participate in accelerating the

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<sup>6</sup> *New nuclear fuel agreement alongside G7 seeks to isolate Putin's Russia*, <https://www.gov.uk/government/news/new-nuclear-fuel-agreement-alongside-g7-seeks-to-isolate-putins-russia>.

development and practical application of small modular nuclear reactor technologies.

### **Central European countries' role in the restoration of energy infrastructure and lifeline services in Ukrainian communities**

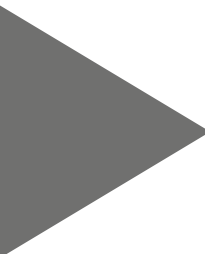
Ukraine is moving toward the decentralisation of energy systems and the development of local communities' capabilities to provide its energy needs by itself. It opens a huge market for manufacturers of equipment for renewable energy and decentralised generation, as well as engineering companies. Ukraine welcomes the active participation of Central European countries in implementing energy projects. It should be mentioned that there are established financial incentives to accelerate Ukraine's recovery, in particular, its energy infrastructure<sup>7</sup>. This ranges from ensuring military risks for investors, to direct investments targeted at certain projects.

Another aspect of mutually beneficial cooperation should be mentioned. The transfer of new energy technologies and new requirements for energy system management (distributed generation, smart and micro grids) will require the technical training of local specialists for the installation of equipment and further operation. However, the direct employment of personnel from Western countries by companies that will build and operate new energy facilities will be welcomed as well. This approach opens the labour market of Ukraine for specialists from Central European countries.

<sup>7</sup> <https://www.kmu.gov.ua/en/news/yes-pidpysav-pershi-harantiini-uhody-na-14-mlrd-iev-ro-u-ramkakh-investytsiinoho-komponenta-prohramy-ukraine-facility-iuliia-svyrydenko>.

## **Conclusions**

Ukraine's efforts to improve the protection and resilience of energy supply to end-users have yielded remarkable results. A comprehensive analysis of the lessons learned by Ukraine during a crisis situation, combined with current priorities for energy sector development, provides vital information for any country. Every country has to protect its infrastructure and maintain the provision of crucial services to end-users even in the face of damage. The vision of a future, resilient Central Europe must be based on this. The resilience, demonstrated by Ukraine during the war period, highlights the country's potential as a contributor to Central European security. The Ukrainian energy sector as a part of regional energy infrastructure systems and energy markets will strengthen security in the region.



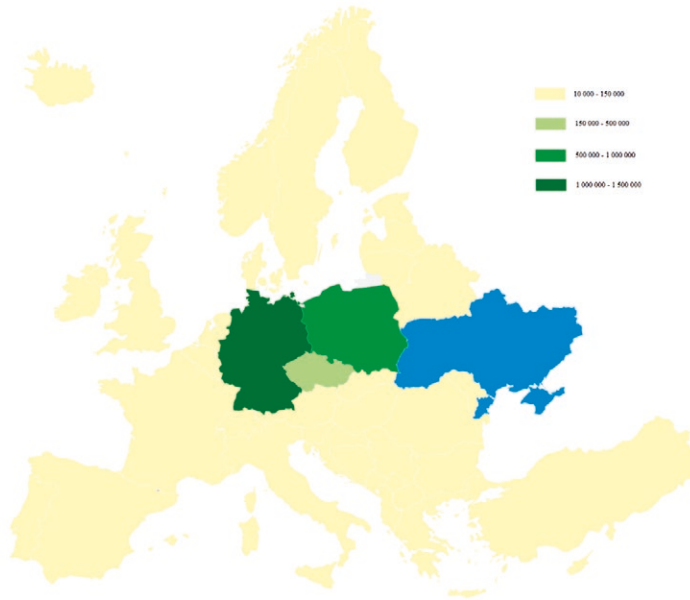
Volodymyr Khymynets,  
Anatolii Holovka, Oleksii Izhak

## **Recovery of Central Europe. Transcarpathian case study**

The majority of Central European countries are integrated into the Euro-Atlantic civilisational space (EU and NATO). They offer examples of successful democratic transitions and liberal reforms in building a developed market economy. However, under current conditions, the region is facing several geopolitical challenges, primarily related to Russian military aggression against Ukraine and its active phase since 24 February 2022. In particular, the geographical proximity to the conflict zone prompts Central European countries to increase their defence spending. Additionally, it should be noted that the main flows of migrants from Ukraine, provoked by the hostilities, are mainly directed towards these countries – Figure 1.

This situation necessitates the strengthening of multi-level interactions in humanitarian and economic spheres, the implementation of joint projects and initiatives, and the coordination of risk management. For this purpose, it is necessary to use interregional and cross-border cooperation

Figure 1. Ukrainian refugees in European countries, 2024



Source: Based on *Ukraine Refugee Situation – Operational Data Portal*, UNHCR – The UN Refugee Agency, <https://data.unhcr.org/en/situations/ukraine>.

as a tool for solving economic and humanitarian problems, uniting efforts – particularly in the context of reducing Russian influence in the region, countering Russian propaganda and disinformation campaigns aimed at inspiring separatism and inflaming interethnic conflicts, which serve to weaken the resilience of Central Europe and Ukraine.

In this context, it is essential to note the significant role of Transcarpathia<sup>1</sup> as a region that is not only geographically located at the centre of Europe but also serves as one of the

<sup>1</sup> The region mostly located in Zakarpattia Oblast in western Ukraine.

“bridges” (primarily in a sociocultural sense) connecting the west and east of the continent. Throughout different historical periods, Transcarpathia has been part of various state formations (the Kingdom of Hungary, the Habsburg Empire, Austria-Hungary, Czechoslovakia), which, among other things, created a unique cultural environment and shaped the specific ethno-national and confessional structure of the region’s population.

*Reference: According to the 2001 census, Transcarpathia is a poly-ethnic and multi-confessional region: with a population of 1.26 million, Ukrainians constitute the majority (1.01 million or 80.5%); the largest ethnic minority is Hungarians (151,000 or 12.1%). Other national minorities include Romanians, Roma, Slovaks, Germans, and Czechs. About 10,000 people identify as Rusyns (approximately 0.8% of the region’s population). However, it should be noted that large-scale internal migrations and emigration abroad, provoked by the hostilities, have significantly affected the socio-demographic and ethno-national structure of the region’s population.*

The historical and cultural proximity of Transcarpathia to EU countries has contributed to the formation, over recent decades, of a network of humanitarian and economic ties and business contacts on both sides of the border.

Additionally, as the westernmost region of Ukraine, Transcarpathia possesses several unique features that create a particular environment for developing Ukrainian-European cooperation. First and foremost, it is essential to note the region’s geographical proximity to EU countries. Transcarpathian Oblast, located in southwestern Ukraine, is the only region of Ukraine that borders four EU and NATO



countries simultaneously – Poland, Slovakia, Hungary, and Romania. This region’s status is favourable for developing cross-border cooperation since several cross-border and territorial cooperation programmes cover Transcarpathia. These include programmes such as “Poland-Ukraine” (Pl-Ua), “Hungary-Slovakia-Romania-Ukraine” (Hu-Sk-Ro-Ua), “Romania-Ukraine” (Ro-Ua), as well as macro-regional strategies (Danube Region Strategy). In this context, it is also important to note the opportunities for the development of various institutionalised forms of cooperation, such as the Euroregions<sup>2</sup> (e.g. the Carpathian Euroregion), the European Groupings of Territorial Cooperation<sup>3</sup> (e.g. EGTC “TISA”), and others.

This creates a broad space for establishing symmetrical partnerships, as well as developing and implementing initiatives and projects aimed at solving mutual problems. Added to this are other competitive advantages, such as the high quality of human capital, numerous opportunities for the development of the tourism and recreation sector<sup>4</sup>, as well as the medical services sector, local craft production, etc.

The Transcarpathian region can be appropriately classified as one of the so-called “rear” regions, which are conditionally safe for living and socio-economic activity. This is

<sup>2</sup> Euroregion is an organisational form of cross-border cooperation carried out in accordance with bilateral or multilateral agreements on cross-border cooperation (Article 1 of the Law of Ukraine *On Cross-Border Cooperation*).

<sup>3</sup> European Grouping of Territorial Cooperation is a grouping of subjects of cross-border cooperation of Ukraine and the corresponding subjects of neighboring European Union member states with the status of a legal entity in accordance with the national legislation of the European Union member state in which it is located (Article 1 of the Law of Ukraine *On Cross-Border Cooperation*).

<sup>4</sup> The presence of balneological resources, natural areas favourable for the development of tourism, historical and cultural heritage sites, etc.

due to the region's distance from the combat zone. Since the beginning of Russia's full-scale invasion, only one missile strike on the region's territory has been recorded and officially confirmed<sup>5</sup>. This makes the Transcarpathian region, along with Chernivtsi, the only regions that have hardly experienced any attacks or destruction from the war (although the risk of Russian missile strikes and/or drone attacks still exists, even in these regions).

Primarily due to geographical factors, Transcarpathia has become one of the regions that have borne the brunt of forced internal migrations caused by hostilities. According to the Transcarpathian Regional Military Administration, as of April 2024, 129,246 internally displaced persons (IDPs) were officially registered and included in the database in the Transcarpathian region (while according to mobile operators, the total number of registered and unregistered IDPs in the region as of 1 January 2024, is approximately 300,000 people) – see Figure 2.

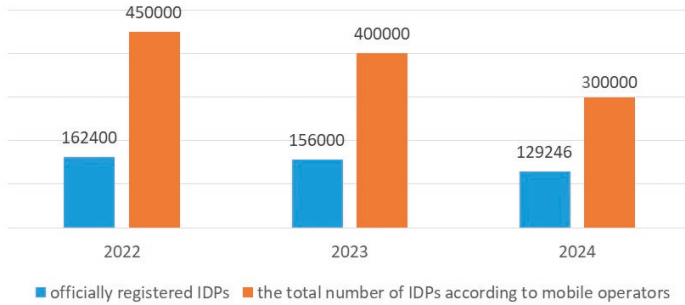
The “peak waves” of internal migration to the Transcarpathian region occurred during the first months of the war, followed by a gradual decline (Figure 3).

In parallel with internal migrations, the evacuation of industry and business to Transcarpathia was part of the relocation programme. As of October 2023, out of 840 relocated enterprises, 120, or 14.3% of the total, chose Transcarpathia<sup>6</sup>. Among these enterprises are the “Kramatorsk Heavy Machine Tool Plant”, “Ajax”, “ZIBRANO”, and others.

<sup>5</sup> Missile strike on the substation in the village of Volovets (Mukachevo district, Transcarpathian region).

<sup>6</sup> More only in the Lviv region – 199 relocated enterprises.

Figure 2. Number of IDPs in the Transcarpathian region (2022–2024)



Source: Compiled by the authors based on information published by representatives of the Transcarpathian Regional Military Administration and the International Organization for Migration of the UN in 2022, 2023, and 2024.

Figure 3. Distribution of IDPs by time of arrival in Transcarpathian region (in % of the total number of arrivals)



Source: Compiled based on Mapping the Situation and Needs of Displaced People in Zakarpatska Oblast, November 2022.

This became a factor in the “relocation of capital” and revitalisation of the regional economy.

Given this, we can state that Transcarpathia is one of the primary recipient regions for internal migration and relocation, where IDPs and enterprises are most frequently moved. The local authorities (primarily military

administrations and local self-government bodies) were tasked with temporarily accommodating IDPs and creating conditions for their socialisation, as well as assessing the main consequences of internal migrations, such as a sharp increase in population, increased pressure on local budgets, and the need to make adjustments to community/regional development planning.

Under the current conditions, in addition to risks, this also creates opportunities for the formation of new centres of economic activity and the involvement of IDP human capital (particularly combined with the potential of relocated enterprises) to stimulate the development of communities and the region. It is possible to rationally use the consequences of internal migrations by turning them into a driver for developing the Transcarpathian economy.

Given the geographical, socio-cultural, and economic characteristics of Transcarpathia described above, we consider it appropriate to highlight the vital role of the region in the post-war recovery of Ukraine and the strengthening of multi-level interactions between Ukraine and Central European countries, as manifested in the following:

Attracting necessary resources and developing Ukrainian-European cooperation for recovery purposes. In the context of current military-political challenges, it is crucial to attract resources for cross-border and interregional cooperation between Ukraine and European countries to address humanitarian and economic tasks of regional development. This includes collaboration within the framework of the Carpathian Euroregion and the European Grouping of Territorial Cooperation “Tisa” partnership and twinning agreements, as well as attracting international technical

assistance from European countries, the USA, Canada, the UN, and global charitable organisations.

This involves:

- Implementing an inclusive approach to cross-border cooperation processes and ensuring a sufficient level of competence among local government officials, which should include institutionalised cooperation between local authorities and local stakeholders.
- Ensuring the systematic state support for cross-border cooperation in terms of financing, which should include (1) ensuring the continuity of financial support from the state budget to local budgets for the implementation of cross-border cooperation projects; (2) overcoming the shortcomings of the co-financing mechanism by the Ukrainian side for cross-border cooperation projects.
- Improving mechanisms for interregional, coordinated spatial planning to develop cross-border territories covered by the EU Strategy for the Danube Region. It is also important to ensure active interaction with interested EU member states regarding the preparation and further implementation of the EU macro-regional strategy for the Carpathian region. Among the main provisions, it is appropriate to define the development of cooperation, which will involve establishing common strategic development goals for the Carpathian region, joint strategic planning of specific segments (economy, tourism, scientific and technological innovations), and creating joint management structures.

It is worth noting that the scale and multi-level nature of the tasks of economic recovery necessitate the attraction

of significant resources and the formation of new centres of economic activity, both in the context of reconstruction processes and to build a competitive, Euro-oriented economy in Ukraine. Under these conditions, territorially oriented mechanisms for stimulating investments are one of the promising tools. It should be noted that this economic policy instrument was already implemented in Ukraine in the late 1990s to early 2000s, particularly in the Transcarpathian region, where the “Zakarpattia” special economic zone was created, and a special tax regime for economic activities was introduced to stimulate investment activity. Although some shortcomings and risks characterised the experience of implementing territorially oriented mechanisms in Ukraine in the past, the unprecedented situation in which Ukraine’s economy finds itself due to Russian aggression and the tasks of its recovery justify the application of such a radically innovative approach<sup>7</sup>.

Moreover, Transcarpathia’s experience is one of the successful examples of the functioning of special economic zones and priority development areas. Currently, the region can become a territory for implementing the first pilot initiatives within the framework of territorially oriented mechanisms for attracting investments for post-war recovery.

Social aspects of recovery and ensuring social inclusion. Post-war recovery is often reduced solely to the physical reconstruction of residential, infrastructural, and industrial facilities, the restoration of destroyed property, economic

<sup>7</sup> Ya.A. Zhalilo et al., *Territorially Oriented Mechanisms for Stimulating Investment in the Post-War Recovery of Ukraine: Analytical Report*, ed. by Ya.A. Zhalilo, Kyiv 2023, DOI: 10.53679/NISS-analytrep.2023.09.

measures, etc. However, this constitutes only one aspect of state policy in this direction. It is also important to note other tasks essential for understanding Transcarpathia's place and role in post-war recovery.

In addition to reconstruction processes and safety measures (demining, rebuilding of the housing stock, industry, and civil infrastructure), the physical and psychological rehabilitation of military personnel and civilians affected by the war is of great importance. This is a promising direction for Transcarpathia, given the region's existing balneological and recreational resources, developed tourism infrastructure, and network of medical and recreational institutions. In this context, it is also worth noting that other rehabilitation tools can be applied, such as assisting veterans and war-affected individuals through traditional crafts, art, etc., or helping them start entrepreneurial initiatives related to craft production, facilitating their full reintegration into civilian life.

Another essential element in the social sphere will be ensuring the inclusiveness of the social environment in settlements, creating comfortable conditions for war veterans and civilians who have sustained injuries. Indeed, the measures mentioned above are essential in other regions and cities. Still, given the security conditions, Transcarpathia should be considered a promising territory for implementing pilot initiatives and projects towards social inclusion.

Effective integration of internally displaced persons and relocated enterprises, harnessing their potential for recovery purposes. It is assumed (!) that the return of IDPs and relocated enterprises to their permanent places of residence will not only depend on the actual de-occupation but also

on the pace of recovery of de-occupied communities (the process of demining, rebuilding the housing stock, critical infrastructure, etc.), bringing these areas to a state suitable for living and economic activity. Without delving into detailed assessments and forecasts of these processes, it is still assumed that this process will be lengthy. Therefore, currently, under the conditions of the ongoing “war of attrition”, essential tasks within the framework of state recovery policy include ensuring proper conditions for IDPs in the social sphere (providing the full range of necessary social services, facilitating social adaptation, preventing conflicts), addressing humanitarian problems, and promoting the use of their human capital in the regional economy until their return to their permanent places of residence.

These tasks are particularly relevant for Transcarpathia and other rear regions, making cooperation, the exchange of experience, and the dissemination of best practices important. In this context, it is appropriate to highlight three levels of tasks of state regional policy regarding the management of the consequences of forced internal migrations in Transcarpathia and other rear regions<sup>8</sup>:

*The first (basic) level* is the placement of IDPs in safe locations, the provision of satisfactory living conditions, and the provision of necessary support. Simultaneously, it is crucial to adapt the region to new situations: ensuring the resilience of infrastructure and housing and utility facilities in communities under increased pressure, creating reserves of

<sup>8</sup> V. Khymynets, A. Holovka, *Principles of Social and Economic Integration of Internally Displaced Persons*, “Strategic Panorama” 2023, no. 2. pp. 68–75, DOI: 10.53679/2616-9460.2.2022.06.



food, medicine, etc. In general, this level has been achieved in Transcarpathia through the interaction of state and local authorities with civil society organisations and the involvement of international humanitarian aid.

*The second level* is facilitating the integration of IDP human capital into the regional economy, which involves assessing the current labour resource potential of the region, considering the effects of internal migrations, and developing principles for its use within the regional economy. This task has yet to be fully realised. It requires a comprehensive approach that includes (1) conducting appropriate informational and explanatory work (with the involvement of employment centres), (2) developing interaction and communication between local authorities and potential employers (including relocated enterprises), as well as ensuring the exchange of information at the local and regional levels to facilitate the effective relocation of enterprises and secondary movement of IDPs, (3) involving higher and vocational educational institutions or other educational establishments to provide or help IDPs acquire (if they wish) the knowledge and skills in demand on the labour market.

*The third level*, in a broad sense, facilitates the integration of IDPs into the lives of host communities and regions, maintaining inclusive governance for social stability and cohesion. This level of tasks also remains unfulfilled, particularly in developing various forms of local deliberative democracy, which is essential from the perspective of involving IDPs in governance processes and considering the security-related limitations on self-government, such as the temporary impossibility of holding local elections. We believe the following measures are necessary: conducting

public consultations, particularly online surveys; holding focus groups with the involvement of experts and scholars on thematic areas such as the economy and investment, as well as project management; participatory budgets (community budgets); creating a “project bank” or “idea bank” for community residents for subsequent implementation at the community/inter-community level and developing digital infrastructure.

**Social cohesion.** Achieving the goals of recovery and regional development significantly depends on the population’s cohesion. Russian aggression is aimed not only at inflicting physical harm on Ukraine, destroying Ukrainian cities and infrastructure, etc., but also at exacerbating social tensions, instigating conflicts, and creating a crisis of trust between different segments of the population through the work of an agent network, disinformation campaigns, and other measures. Such threats are particularly relevant for ethnically and confessionally fragmented regions like Transcarpathia. Countering these threats involves strengthening social interaction between the local population and IDPs, uniting them around a common national idea – the defence of Ukraine’s independence, its Euro-Atlantic choice, and its successful post-war recovery.

Educational and informational work is essential, for example, in highlighting the life experiences of IDPs and representatives of national communities (minorities) currently serving in the Armed Forces of Ukraine and other Ukrainian military formations, engaging in volunteer activities, etc. It is also necessary to intensify efforts to refute false reports aimed at provoking conflicts between residents of

polyethnic regions and communities and between the local population and IDPs.

This is a crucial step in creating social prerequisites and a favourable environment for interregional and inter-municipal cooperation between different regions and communities of Ukraine and their inclusion in cross-border collaboration. Due to the presence of people from different regions and representatives of various nationalities living in Transcarpathia and their constant social interaction, the region can play the role of a “connecting link” in this process.

## Conclusions

Thus, the Transcarpathian region, located in the centre of Europe, has significant potential for active participation in post-war recovery policies and in achieving Ukraine’s Euro-integration aspirations. Due to its geographical location and several historical and cultural factors, Transcarpathia occupies a special place in the international interregional and cross-border connections network, creating an environment for active cooperation between Central European countries and Ukraine.

Currently, the main directions for utilising the potential of Transcarpathia in the recovery processes are:

- Facilitating the realisation of the human capital of IDPs and the potential of relocated enterprises within the regional economy, including in sectors related to reconstruction processes (construction, transportation, etc.).
- Leveraging the potential of international cooperation, the existing years of experience in project management, and cross-border cooperation to drive recovery

policies, particularly in terms of interaction with Central European countries, attracting necessary resources and building a Euro-oriented economy.

- Implementation of the social component of the recovery policy, such as utilising the developed network of tourism, recreational, and medical facilities, as well as existing balneological resources, to support the recovery and rehabilitation of both veterans of the Russo-Ukrainian war and civilians affected by the hostilities.
- Establishing symmetrical partnerships and developing inter-municipal cooperation between communities in the Transcarpathian region and regions and communities affected by the war, particularly in areas such as the development of social entrepreneurship, the initiation and implementation of joint projects and initiatives aimed at achieving socially significant results, such as projects for the rehabilitation of military and civilian individuals, ensuring the inclusivity of social spaces, and more. This cooperation should engage a wide range of stakeholders, including businesses, civil society, academics and experts, regional development agencies, and international partners.

Moreover, given the current military-political situation, Transcarpathia remains a relatively safe rear region and can serve as a “testing ground” for the implementation of pilot initiatives related, for example, to creating special conditions for entrepreneurial or investment activities.





Tomasz Stępniewski

## **Ukraine and the European Union: navigating relations in the shadow of war**

### **Introduction**

Ukraine's accession to the European Union is expected to be a lengthy process, with estimates ranging from 2030 to much later. This extended timeline is largely due to the requirement that all EU member states must unanimously approve Ukraine's membership. Ukraine applied for EU membership in February 2022, shortly after Russia's full-scale invasion, and in June 2022, the European Council officially granted it candidate status. In December 2023, EU leaders decided to open accession negotiations, recognising the significant progress Ukraine has made in meeting its candidate status requirements.

However, even in the absence of the ongoing war with Russia, Ukraine's path to EU membership is far from straightforward. While there is optimism from Ukrainian officials, this may be overly optimistic given the extensive

and challenging reforms the country still needs to undertake. These reforms, which include overhauls in areas such as the judiciary, public administration, democratic institutions, and public procurement, are difficult to implement even in peacetime.

The war complicates Ukraine's accession prospects further. For meaningful reforms and reconstruction to begin, the conflict must end, and Ukraine must achieve stability. Until then, the integration process will face significant delays. Therefore, while the decision to start negotiations reflects Ukraine's progress, the actual path to EU membership will be a long and complex journey, heavily influenced by the outcome of the war and the country's ability to implement deep reforms.

### **The assessment of EU-Ukraine relations**

The relationship between the European Union and Ukraine has evolved significantly over the past two decades, driven by a shared focus on reform and integration<sup>1</sup>. Prior to Russia's annexation of Crimea in 2014, EU-Ukraine relations primarily revolved around reform efforts aimed at aligning Ukraine's governance and economic policies with European standards. Action plans, negotiated as part of an Association Agreement, laid the groundwork for cooperation, covering sectors such as the economy, governance, and civil society. This agreement, signed during Viktor Yushchenko's

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<sup>1</sup> Wider on EU and Ukraine during the Russian War of Aggression in: S. Stewart, *Ukraine during the Russian War of Aggression. The Nexus between Internal Developments and EU Accession*, SWP Research Paper, no. 13, Berlin 2024, [www.swp-berlin.org](http://www.swp-berlin.org).

presidency and coming fully into force in 2017, represented a major milestone in deepening EU-Ukraine ties.

However, the geopolitical landscape shifted dramatically with Russia's covert invasion of the Donbas and annexation of Crimea in 2014. While the EU responded with economic sanctions and diplomatic efforts through the Normandy Format, involving Germany and France alongside Ukraine and Russia, broader EU involvement in conflict resolution remained limited. The EU's role in mediating conflict was overshadowed by organisations like the OSCE and the UN, leaving the EU without a significant security footprint in the region.

The Eastern Partnership, launched in 2009, aimed to enhance cooperation between the EU and six Eastern European and South Caucasian countries, including Ukraine. However, Ukraine viewed its participation in the EaP as a downgrade of its relationship with the EU. Kyiv's leaders argued that the country had already begun negotiating an Association Agreement with the EU prior to the EaP's creation. Nevertheless, for certain segments of Ukrainian civil society, the EaP offered valuable opportunities to strengthen networks with EU institutions and engage with civil society organisations across the region.

Despite these achievements, security issues were largely absent from the EU-Ukraine agenda in the early 2000s. While political and economic reforms progressed, the EU underestimated the importance of addressing regional security challenges. This gap became glaringly evident after Russia's full-scale invasion of Ukraine in 2022, which shocked many EU member states and led to a rapid reassessment of security policies. In response, the EU expanded



the European Peace Facility to provide military support to Ukraine, demonstrating an ability to react swiftly and creatively to crisis situations, albeit without a long-established security framework in place.

The war has had a profound impact on EU-Ukraine relations, prompting the EU to take unprecedented steps to support Ukraine's military and economic resilience. These efforts have included significant financial and military aid, as well as the granting of EU candidate status to Ukraine in 2022, which represents a crucial moment in their relationship. Ukraine applied for EU membership in February 2022, and on 17 June 2022, the European Commission officially announced its recommendation to grant Ukraine candidate status for the EU. On 14 December 2023, it was announced that the European Council would begin accession negotiations with Ukraine (as well as with Moldova). In parallel with the enlargement process, the EU and Ukraine are also working to strengthen their political and economic relations, including through the framework of the Eastern Partnership. Moreover, discussions around EU enlargement are now in full swing, with Ukraine's potential accession presenting both major challenges and opportunities for the European Union.

### **The role of the European Union in the security sphere amidst the Russia-Ukraine war**

The current geopolitical landscape reflects the erosion of the post-Cold War security framework, highlighting the inadequacy of institutional structures to adapt to rapidly

changing threats<sup>2</sup>. Institutions, by nature, tend to exhibit a level of inertia, while emerging challenges demand constant recognition and swift action<sup>3</sup>. This dynamic is particularly evident in the context of the Russia-Ukraine war, where the breakdown of the bipolar security system has given rise to a fluid, unstable global order. In this emerging order, superpowers like Russia attempt to impose their own set of rules, as exemplified by the Kremlin's push to subordinate Ukraine to the concept of the *Russkiy mir* ("Russian world"), a strategic effort to reassert influence over former Soviet territories.

The conflict in Ukraine has underscored the fundamental shift in the post-Cold War international order, exposing significant gaps in the existing security architecture<sup>4</sup>. The war is not merely a regional conflict but a reflection of a broader geopolitical struggle between two major forces: the West, represented by the United States and the European Union, and Russia<sup>5</sup>.

This rivalry is indicative of a larger international crisis, where the rules-based international order is under attack. The erosion of the Budapest Memorandum of 1994, which provided Ukraine with security assurances in exchange for

<sup>2</sup> See: I. Krastev, *How to avoid Europe's disintegration*, "New Eastern Europe" 2015, no. 5, p. 8; also F. Schimmelfennig, D. Leuffen, B. Rittberger, *The European Union as a system of differentiated integration: interdependence, politicization and differentiation*, "Journal of European Public Policy" 2015, vol. 22(6); D. Webber, *How likely is it that the European Union will disintegrate? A critical analysis of competing theoretical perspectives*, "European Journal of International Relations" 2014, vol. 20(2).

<sup>3</sup> A.D. Rotfeld, *Porządek międzynarodowy. Parametry zmiany*, "Sprawy Międzynarodowe" 2014, vol. 67, no. 4, p. 47.

<sup>4</sup> *Ibid.*, p. 46.

<sup>5</sup> See: R. Zięba, *Międzynarodowe implikacje kryzysu ukraińskiego*, "Stosunki Międzynarodowe – International Relations" 2014, vol. 50, no. 2, p. 15.

its denuclearisation, serves as a stark example of the weakening of global non-proliferation efforts<sup>6</sup>. Russia's violation of these assurances not only undermines global security norms but also impedes its integration into Europe, a process once envisioned under the "Wider Europe" initiative, which aimed to create a cooperative security and economic zone stretching from Lisbon to Vladivostok<sup>7</sup>.

Russia's recent security policy has centred on the aggressive use of military power, often at the expense of diplomatic engagement or multilateral cooperation. This militaristic approach has far-reaching implications for institutions like NATO and the EU, which now face pressure to rethink their strategies and adapt to a more volatile security environment. The war in Ukraine, alongside conflicts in the Middle East and rising terrorism in Western Europe, has catalysed a reassessment of security priorities within Western institutions. These crises have diminished the sense of security in Europe and exposed vulnerabilities in the EU's ability to respond effectively to both internal and external threats.

In response to these challenges, the EU must strengthen its role in the security domain, particularly in its eastern neighbourhood. Central European countries, especially Poland, play a crucial role in this recalibration. Poland and other Eastern European states must foster closer relations with their neighbouring countries in the EU and NATO to

<sup>6</sup> Wider: T. Lachowski, T. Stępniewski, *Russia's War on Ukraine: Geopolitics, International Law, and Genocide*, Prace IEŚ, no. 10, Lublin 2023.

<sup>7</sup> A. Umland, *The global impact of the "Ukraine Crisis": Russia's decline and Euro-Asiatic security in the early 21st century*, "Krytyka Magazine", June 2015, <http://krytyka.com/en/articles/global-impact-ukraine-crisis-russias-decline-and-euro-asiatic-security-early-21st-century#sthash.ufElB3S9.dpuf> [10.10.2024].

address the security challenges emanating from Eastern Europe. These nations, integrated into the EU, hold a pivotal position in stabilising the EU's eastern flank, preventing economic stagnation, and mitigating civil unrest in border regions. Moreover, these countries must work to prevent the development of a “grey zone of security” in Eastern Europe – areas of political and economic instability that could destabilise the broader region.

The transformation of Eastern Europe, with a particular focus on Ukraine, is not only in the interests of these Central European states but also aligns with the broader security interests of the EU. By supporting systemic reforms, economic modernisation, and the development of civil society in Ukraine and other Eastern European countries, the EU can strengthen its influence in the region and promote long-term stability. The war in Ukraine has demonstrated that the EU's security interests extend beyond its borders, and active engagement in Eastern Europe is essential to safeguarding the future of the European security order. The EU's ability to adapt to these challenges will determine its role as a geopolitical actor in an increasingly multipolar world.

In conclusion, the Russia-Ukraine war has revealed significant deficiencies in the existing security framework and highlighted the need for the EU to take on a more proactive role in regional security. As the war continues to reshape the geopolitical landscape, the EU must evolve from its traditionally economic-focused identity to one that is capable of addressing hard security challenges. The integration of Eastern European states into the EU's broader security and

economic framework is essential to countering Russian aggression and maintaining stability in Europe<sup>8</sup>.

## Conclusions

Throughout the Russia-Ukraine war, the European Union adopted a comprehensive and multifaceted strategy aimed at addressing the conflict, supporting Ukraine, and managing its complex relations with Russia. The EU's response can be outlined as follows:

- Following the annexation of Crimea in 2014 and Russia's involvement in eastern Ukraine, the EU imposed significant economic sanctions. These targeted key sectors of the Russian economy – finance, energy, and defence – and were periodically renewed and expanded in coordination with the United States and other Western allies.
- The EU provided substantial financial aid and technical support to strengthen Ukraine's democratic institutions, promote economic reforms, and uphold its territorial integrity. This assistance included financial aid packages, trade facilitation, and backing reforms in governance, energy, and the rule of law.
- The EU actively participated in diplomatic efforts to resolve the conflict. It supported the Normandy Format negotiations, which included Ukraine, Russia, Germany, and France, and endorsed the Minsk Agreements, which provided a roadmap for ceasefire and political resolution in eastern Ukraine.

<sup>8</sup> T. Stępniewski, *Geopolityka regionu Morza Czarnego w pozimnowojennym świecie*, Lublin–Warsaw 2011, pp. 295–320.

- In response to its dependence on Russian energy supplies, the EU focused on increasing regional energy security by promoting alternative energy sources, enhancing energy efficiency, and improving interconnectivity among member states. The principles of the Energy Union, aimed at creating a single energy market, were central to these efforts.
- The EU extended non-lethal military support, capacity-building programs, and training for Ukraine's armed forces. It also promoted security sector reforms and confidence-building measures to enhance regional stability.
- The EU played a critical role in delivering humanitarian assistance to those affected by the conflict. This included aid for internally displaced persons (IDPs), healthcare services, food, and shelter.

In summary, the EU's Eastern policy during the Russia-Ukraine war sought to support Ukraine's sovereignty, promote regional stability, and encourage a peaceful resolution through diplomatic means. The EU combined economic, diplomatic, security, and humanitarian measures to address the multifaceted challenges of the conflict while maintaining a delicate balance in its relations with Ukraine and Russia.

Ukraine's potential EU membership is strategically vital not only for Ukraine but also for the long-term security and stability of Europe. The EU's commitment to Ukraine's accession, even during the ongoing war, sets the stage for a deeper and more transformative partnership. Integrating Ukraine into EU structures would strengthen the Union's eastern borders, counter Russian expansionism, and solidify Ukraine's role as a stable, democratic state in the region.

Despite the ongoing conflict, the EU-Ukraine relationship is positioned for further growth. Continued reforms in Ukraine, with robust EU support, and a shared commitment to democratic values provide a strong foundation for future cooperation. As Ukraine faces the dual challenges of war and reconstruction, its path toward EU membership remains a powerful symbol of resilience and hope for a more secure and integrated Europe.



Leonid Polyakov

## Ukraine's integration with NATO

### Introduction

For over 70 years, NATO has been preparing to meet a threat from the East, but it is Ukraine that has been repelling the Russian onslaught. In the context of this war of survival, Ukraine's strongest supporter is the collective security alliance, the North Atlantic Treaty Organization (NATO), which Ukraine has been attempting to join for many, albeit in vain.

Over the 30 years of cooperation between Ukraine and NATO, the modalities of this cooperation have undergone several shifts and amendments. From the start, this began as a partnership under the NATO programme, Partnership for Peace (1994), then evolved into a distinctive partnership (1997), and an intensified dialogue (2005), leading towards the first formal recognition of Ukraine's membership prospects in the communiqué of the NATO Bucharest Summit in 2008.

In 2014, after the Russian invasion of Crimea and Donbas, NATO increased investment in Ukraine's ability to resist Russian pressure by broadening practical cooperation



through the Comprehensive Assistance Package (2016) and extending Ukraine's status of partnership to the Enhanced Opportunities Partnership level (2020).

Meanwhile, Brussels has consistently and scrupulously kept the issue of membership within the procedures of the Membership Action Plan (MAP). Under the MAP, aspiring NATO partner countries are required to implement a set of criteria/standards before a political decision is made to extend an official invitation. Thus, the substance of the NATO aspirant's "partnership" was considered equivalent to the aspirant's "integration" towards membership.

However, in the case of Ukraine, the process has developed differently, primarily due to the decisive influence of the Russian factor. Despite Ukraine's progressive *de facto* integration with NATO through practical partnership, the issue of Ukraine's formal membership has been continuously stalled. During peacetime, NATO was hesitant to irritate Russia by offering MAP for Ukraine, and since the Russian full-scale invasion began in February 2024, NATO has not wanted to risk skidding into a military conflict with Russia by issuing an invitation.

### **Current prospects of membership**

At the end of September 2022, seven months into Russia's full-scale invasion, it was already evident that Ukraine was successfully defending both its sovereign territory and NATO's Eastern flank against a NATO-hostile Russia. The emboldened leadership of Ukraine submitted an application for NATO membership. The President of Ukraine Volodymyr Zelensky stated that "*De facto*, we have proven compatibility with alliance standards. (...) Today, Ukraine is applying to

make it *de jure*. (...) under a procedure consistent with our significance for the protection of our entire community, under an accelerated procedure”<sup>1</sup>.

The Ukrainian President’s reference to the membership invitations extended to Finland and Sweden “under an accelerated procedure” was deliberate. The mere fact that these previously neutral countries decided to apply for NATO membership was born only after 24 February 2022, when the courageous and successful resistance displayed by Ukrainians in the war against the once-feared Russian military reinvigorated NATO, where leading nations noticeably reduced their military forces and defence budgets. NATO’s support for Ukraine refreshed the Alliance’s sense of mission, naturally refocusing Finland and Sweden, which now faced the new reality of sharing borders with an aggressive Russia. Given their complete interoperability with NATO forces and recognised democratic standards, both aspirants logically received invitations under an accelerated procedure.

Meanwhile, the valuable defensive potential that Ukraine has been demonstrated during this war has not gone unnoticed by experienced NATO observers, seemingly reversing the pessimism that dominated earlier. In January 2023, former US Secretary of State Henry Kissinger reversed his opinion and suggested that Moscow’s aggression meant that European security requires a Ukraine anchored to NATO<sup>2</sup>.

<sup>1</sup> R. Gramer, J. Detsch, A. Mackinnon, *After Putin’s Land Grab, Zelensky Wants to Fast-Track NATO Membership*, *The Foreign Policy*, 30 September 2022, <https://foreignpolicy.com/2022/09/30/russia-ukraine-nato-membership-zelensky/>.

<sup>2</sup> B. Forrest, *Kissinger Backs Ukraine’s NATO Bid*, *The Wall Street Journal*, 17 January 2023, <https://www.wsj.com/livecoverage/davos2023/card/kissinger-backs-ukraine-s-nato-bid-TEbEBq5ulGrodBS9sPTZ>

In April 2023, former US Assistant Secretary of Defense Ian Brzezinski and former US Ambassador to NATO Alexander Vershbow appealed to Allied leaders to begin “the process of completing a Europe whole and free where Ukraine is fully integrated within the transatlantic community, including as a member of NATO”<sup>3</sup>. These appeals were accompanied by many similar calls from Western dignitaries and intellectuals.

On the eve of the NATO Summit in Vilnius in July 2023, Secretary-General Jens Stoltenberg emphasised three key factors related to Ukraine’s integration, albeit without an immediate invitation. He stated that Ukraine’s victory against Russia would be the starting point to move forward with NATO membership, that Ukraine’s rightful place is in NATO, and that he expects that NATO will agree on “a multi-year program, (...) to help Ukraine transition ... to NATO standards and doctrines and equipment, and become fully interoperable with NATO”<sup>4</sup>.

On the same issue of justifying the postponement of Ukraine’s invitation to NATO membership, US President Joseph Biden suggested the option of Israel-like security arrangements<sup>5</sup>. However, in the case of Ukraine, this substitution of NATO membership with NATO security assistance appeared far from perfect. The case of Ukraine is evidently

<sup>3</sup> I. Brzezinski, A. Vershbow, *Memo to NATO Leaders*, The Atlantic Council of the USA, April 2023, <https://www.atlanticcouncil.org/commentary/strategy-memo/memo-to-nato-leaders/>.

<sup>4</sup> *NATO Secretary General at the Copenhagen Democracy Summit*, NATO website, 15 May, 2023, [https://www.nato.int/cps/en/natohq/news\\_214522.htm?selectedLocale=e](https://www.nato.int/cps/en/natohq/news_214522.htm?selectedLocale=e).

<sup>5</sup> F. Zakaria, *President Joe Biden tells Fareed the US could back Ukraine’s security as it does Israel’s—but that admitting Ukraine into NATO would be premature and would mean going to war with Russia*, CNN, 9 July 2023, <https://edition.cnn.com/videos/tv/2023/07/09/exp-gps-0709-president-biden-on-nato-membership-and-ukraine.cnn>.

more complex than the Israeli one, simply because the nature and scope of the threats facing Israel and Ukraine respectively are very different. As Ian Brzezinski emphasised, “Moscow’s determination to obliterate Ukraine and its history far exceeds the collective intensity of Israel’s adversaries”<sup>6</sup>.

Both at the 2023 Vilnius NATO Summit and at the 2024 Washington NATO Summit, these wary moods in NATO and in the US resulted merely in the symbolic cancellation of the formal MAP procedure for Ukraine, and in the ritual confirmation of Ukraine’s future membership. The establishment of the NATO-Ukraine Commission at the Vilnius Summit thus provided a substantive upgrade to the earlier consultative mechanism of the NATO-Ukraine Council, making it potentially more effective. In particular, this upgrade aimed to demonstrate “the strengthening of political ties and Ukraine’s increasing integration with NATO”<sup>7</sup>.

Unfortunately for Ukrainians, in terms of Ukraine’s more specific membership prospects, NATO habitually appeared exceedingly averse to the risk of uncontrolled escalation and military conflict with Russia by inviting Ukraine to join the Alliance. Certainly, openly admitting the key role of the Russian factor as a reason for NATO reluctance is slightly uncomfortable for the Alliance. So, in the same ritual fashion, NATO often invokes the alleged problems in Ukraine’s domestic governance as a reason for delaying an invitation for membership. On the eve of the Washington Summit in

<sup>6</sup> I. Brzezinski, *Ukraine needs NATO membership, not an 'Israel model'*, The Atlantic Council of the USA, 6 July 2023, <https://www.atlanticcouncil.org/blogs/new-atlanticist/ukraine-needs-nato-membership-not-an-israel-model/>.

<sup>7</sup> *NATO-Ukraine Council*, NATO website, [https://www.nato.int/cps/en/natohq/topics\\_217652.htm](https://www.nato.int/cps/en/natohq/topics_217652.htm).

2024, both US President Joseph Biden and German Chancellor Olaf Scholz stated that “Ukraine must make important reforms to reduce corruption and improve its democracy and rule of law”<sup>8</sup>.

Official documents of the Washington Summit 2024 actually confirmed this policy, declaring that “Ukraine’s future is in NATO. (...) Allies will continue to support it on its irreversible path to full Euro-Atlantic integration, including NATO membership. Allies reaffirm that they will be in a position to extend an invitation to Ukraine to join the Alliance when Allies agree and conditions are met”.

While certain problems related to Ukraine meeting NATO’s “conditions” may indeed exist, they are not essentially relevant to the invitation delay. Obviously, in the case of Ukraine, there is no expectation to be at the same level of democratic governance as Finland and Sweden immediately. Democracy indices from “Freedom House” and “The Economist” consistently place Finland and Sweden at the top of all other NATO member countries (except Norway). Meanwhile, the democratic credentials of Ukraine may already be compared to several other members of NATO. According to *Freedom House*, Ukraine falls within the same “democratic status” category as NATO members Albania, Hungary, Montenegro, and North Macedonia, and even surpasses NATO member Turkey. Moreover, considering the fact that Ukraine is already a recognised candidate for the membership, there

<sup>8</sup> S. Erlanger, *NATO Will Offer Ukraine a 'Bridge' to Membership, Hoping That's Enough*, The New York Times, 26 June 2024, <https://www.nytimes.com/2024/06/26/world/europe/nato-ukraine-washington-membership-summit.html>.

are grounds to state that Ukraine is democratically qualified to be invited to join NATO.

### **NATO security assistance**

Since 24 February 2022, Ukraine has been engaged in a dramatic struggle for survival against a significantly superior aggressor state. While the European Union (EU) and some distant countries provided mostly financial and humanitarian support, NATO unequivocally supported the military needs of its “distinctive partner” Ukraine, albeit with important nuances, which are instructive to note.

On one hand, despite the absence of a clear formal accession prospect, Ukraine nevertheless already appeared deeply integrated into NATO military structure. Ukraine is fighting and individual NATO member states are providing critical support with armaments and logistics. On the other hand, NATO as an alliance has only offered Ukraine political and non-lethal support. The confirmation in the statement of the NATO-Ukraine Council made during the Washington Summit that “Ukraine has become increasingly interoperable and politically integrated with the Alliance”<sup>9</sup>, suggests that in terms of integration with NATO as an organisation, the discussion is framed more in terms of standards (interoperability) and politics (political integration).

Hence, Ukraine’s “half-integration” into NATO manifested as a number of arrangements between different members of the alliance and Ukraine. This unique phenomenon

<sup>9</sup> *Statement of the NATO-Ukraine Council issued by the Heads of State and Government participating in the meeting of the NATO-Ukraine Council in Washington, D.C. 11th July 2024*, NATO website, [https://www.nato.int/cps/en/natohq/official\\_texts\\_227863.htm?selectedLocale=en](https://www.nato.int/cps/en/natohq/official_texts_227863.htm?selectedLocale=en).

reflected the known contradiction between the declared values of the alliance and *real-politic* interests of some individual Allies, who at the start of this war translated into the *ad hoc* arrangement of the Ukraine Defence Contact Group under the leadership of the US, also called the *Ramstein Group*. With time, this expanded to include all NATO member states and over 20 other countries.

This assistance mechanism did not require consensus among participants and had the necessary potential to support Ukraine. However, the cautious policy approach of the US in this war, as well as rather limited support on the part of some NATO members, hindered the timely delivery of the types and volumes of equipment Ukraine needed to defeat the aggressor.

In this regard, it is important to mention that the war in Ukraine highlighted certain other trends within NATO, which influenced the practical arrangements for assistance to Ukraine. As the leading role of the US was evolving, the European dimension of NATO was strengthening and problems associated with the NATO principle of consensus were becoming more evident. A tendency for over-caution on the part of some member-states emboldened the Russian aggressor.

In the third year of war, this could no longer be tolerated by those who consider Russian threats, nuclear blackmail, and ultimatums to NATO as valid threats. As stated by former Prime Minister of Estonia Kaja Kallas: “We shouldn’t be afraid of our own power and we shouldn’t overestimate Russia’s power. The fear of escalation leads us to make ourselves

smaller than we are. (...) If the Ukrainians are not afraid of escalation because of this, then we shouldn't be either"<sup>10</sup>.

These circumstances opened the door to the practical materialisation of the already known concept of “coalitions of the willing” within NATO – a phenomenon that was rather hypothetical prior to this war, but suddenly very practical regarding current NATO support to Ukraine. Since the start of the Russian invasion, several coalitions have been announced:

- *Tank coalition* – Germany and Poland (lead nations) and 10 member countries.
- *Air defence coalition* – Germany and France (lead nations) and 18 member countries.
- *F-16 coalition* – the USA (lead nation) and 16 member countries.
- *Artillery coalition* – France (lead nation) and 21 member countries.
- *Drone coalition* – Latvia and the UK (lead nations), Sweden, Denmark, Germany, Lithuania, Estonia, and the Netherlands.
- *Demining coalition* – Lithuania (lead nation) and 20 member countries.
- *IT coalition (cybersecurity)* – Estonia and Luxemburg (lead nations), Belgium, Denmark, Iceland, Italy, Latvia, Lithuania, and the Netherlands.
- *Ammunition coalition* – the Czech Republic (lead nation) and 18 member countries.

<sup>10</sup> S. von Gassel, *Estlands Regierungschefin Kallas lobt Ukraine-Initiative von Macron*, Stern, 29 February 2024, <https://www.stern.de/politik/ausland/kaja-kallas-lobt-im-stern-ukraine-initiative-von-emmanuel-macron---es-ist-gut--dass-wir-alle-optionen-diskutieren--34503322.html>.



- *Missile coalition (under development)* – France (lead nation).
- *Coalition for long-range rocket artillery (under development)* – Germany (lead nation).

Thus, with time, the “coalitions of the willing” trend within NATO was becoming stronger. Their practicality in the current European security environment is manifold. While very timely and useful for the fighting in Ukraine, both today for the interests of war and in perspective of the possible integration of Ukraine into NATO as a member-state, these arrangements lay the groundwork for future, more flexible policies within NATO itself.

As a follow up of this trend, the G7 Joint Declaration of Support for Ukraine, made at the 2023 NATO Vilnius Summit, facilitated the signing of a series of long-term bilateral security cooperation agreements intended to compensate for NATO’s hesitation to extend an invitation to Ukraine. So far (as of August 2024), agreements have been signed with 17 partner states, including all G7 members, with several more expected to follow. “Short of NATO Article 5 guarantees, the agreements do contain commitments from Ukraine’s partners to provide long-term security assistance (...) it is important to define the relationship between the security framework formed by the bilateral agreements and the goal of Ukraine’s NATO membership”<sup>11</sup>.

The Washington summit decision further developed the scope of the NATO-Ukraine partnership and institutionalised

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<sup>11</sup> J. Kazdobina, *Making the Glass of Ukraine’s Bilateral Security Agreements Half Full*, SCEEUS Report, no. 10, Stockholm 2024, <https://sceeus.se/en/publications/making-the-glass-of-ukraines-bilateral-security-agreements-half-full/>.

the *Ramstein* coordination mechanism, placing it under the NATO auspices. Aiming “To coordinate the provision of military training and equipment for Ukraine by Allies and partners” NATO launched the new command named the NATO Security Assistance and Training for Ukraine (NSATU).”

This decision is definitely welcomed both in terms of strengthening current security assistance to Ukraine and in transforming Ukraine’s security sector overall. The former is aimed at making Ukraine “more capable of defending itself now and deterring any further Russian aggression in the future”.

The stress on “defending itself” is understandable. If at the end of the war, the current Russian regime survives, NATO’s fear of a conflict with Russia will likely survive as well. Regardless of the form of security assistance Ukraine receives – whether from international organisations, *ad hoc* coalitions, or individual states – if Ukraine is not a member of NATO, in a possible future war, Ukraine’s partners are unlikely fight against Russia side by side with Ukrainians. Besides, the mere management of their support typically requires some time for coordination and delivery, which in turn often allows Russia to build countermeasures.

This means that non-member Ukraine will not be able to enjoy the full set of security provisions that come with NATO membership, particularly the nuclear umbrella, no-fly zone, or allied “troops on the ground”. Consequently, to have a credible deterrence against a potential Russian invasion, Ukraine has no choice but to balance NATO security assistance with relying as much as possible on the development of its own potential for deterring imperial Russia. In this regard, the example of Israel, as well as the pre-accession

experience of fully interoperable Finland and Sweden might indeed become most valuable for Ukraine.

## Conclusions

Russia's full-scale invasion in February 2022 made a fundamental impact on the process of Ukraine's integration to NATO. Both procedures for membership and the scope of practical partnership between Ukraine and NATO underwent radical shifts. By the third year of the Russo-Ukrainian war, especially after the NATO Washington Summit in July 2024, cooperation between Ukraine and NATO has been progressively developing in two parallel modalities of integration – traditional political approaches towards Ukrainian expectations for membership (i.e. integration *de jure*) and the unique, war-time realities and practical aspects of partnership (i.e. integration *de facto*).

The creation of the NATO-Ukraine Council at the Vilnius Summit definitely strengthened the level of Ukraine's political integration into NATO. Similarly, the decision of the Washington Summit to establish the assistance coordination mission – the NATO Security Assistance and Training for Ukraine, was a positive step, though more focused on practical security assistance.

Meanwhile, NATO's cautious approach has left Ukraine's prospects for NATO membership unclear. Greater support for these prospects could have provided Ukraine with credible security guarantees, while building security cooperation upon Bilateral Security Agreements requires time to fully take effect. Therefore, given the realities of the Russian factor's impact on NATO's policy towards Ukraine, the realistic prospects for Ukraine's integration in the near and

middle-term future seem to fall between the cases of Israel and Finland/Sweden, both of which were referenced by NATO as models for Ukraine's prospects for integration. On a positive note, some day in the more distant future, as repeatedly confirmed by NATO, Ukraine continues to have a chance to join NATO. However, by that time, both Ukraine and NATO may have evolved in different ways.





Hanna Bazhenova, Larysa Lisogor

## **Economic integration of Ukraine: challenges and prospects**

Ukraine is a relatively small, open, and commodity-based economy that is deeply integrated into the global trade network. The country shares land borders with four European Union Member States – Poland, Slovakia, Hungary, and Romania – and one candidate country, Moldova. One of Ukraine’s distinctive characteristics is its surface area, which is the second largest among European states after Russia, and the second largest of any candidate country after Turkey.

Ukraine enjoys excellent conditions for agriculture. With a temperate continental climate, it possesses about 25% of the world’s most fertile black soil. Before the Russian invasion, the country had 41.3 million hectares of agricultural land, including 32.5 million hectares of arable land<sup>1</sup>. The agribusiness sector was one of the sustainably growing

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<sup>1</sup> H. Bazhenova, *Ukraińskie rolnictwo w latach 2022–2024: wyzwania i strategie adaptacyjne*, Lublin 2024, p. 10.

industries in the country's economy, with an annual growth of 5–6%, contributing 10.9% of the value added to Ukraine's gross domestic product (GDP)<sup>2</sup> and providing approximately 17.3% of domestic employment by 2021. In total, almost 2.7 million people worked in agricultural production, which includes crop production, livestock breeding, fishery and aquaculture, and forestry<sup>3</sup>.

### **Distinctive features of Ukraine's economic structure**

- Before February 2022, Ukraine ranked among the world's leading producers of cereals (maize, barley, wheat), oilseeds (sunflower, rapeseed, soybeans), and other agri-food products. The country accounted for 10% of global wheat exports, 14% of maize, 15% of barley, and 51% of sunflower oil. Additionally, Ukraine was among the top ten producers of rapeseed oil, soybean oil, sunflower expeller, walnuts, butter, and poultry<sup>4</sup>. This allowed the export of approximately 70–80% of all agricultural products.
- The ongoing military conflict has proven the resilience and adaptivity of the Ukrainian agriculture

<sup>2</sup> *Share of value added by the agricultural sector to the gross domestic product (GDP) in Ukraine from 2010 to 2022*, Statista, <https://www.statista.com/statistics/1326724/ukraine-agriculture-share-gdp/> [18.10.2024]. See also: N. Mamonova, O. Borodina, B. Kuns, *Ukrainian agriculture in wartime: Resilience, reforms, and markets*, Transnational Institute, 9 November 2023, <https://www.tni.org/uk/article/ukrainian-agriculture-in-wartime> [18.10.2024].

<sup>3</sup> *Робоча сила України 2021. Статистичний збірник = Labour Force of Ukraine 2021. Statistical Publication*, Kyiv 2022, p. 198.

<sup>4</sup> S. Merler, *War and Grains: Impact of Ukraine-Russia Conflict on Food Security and Prices*, Algebris Investments, 25 March 2022, <https://www.algebris.com/market-views/war-and-grains-impact-of-ukraine-russia-conflict-on-food-security-andprices/> [18.10.2024]; Ministry of Economy of Ukraine, Ministry of Agrarian Policy and Food of Ukraine, Ukrainian Business and Trade Association, Ukrainian Agribusiness Club, #Grow Ukraine. *Export for U, 2022*, [http://ucab.ua/files/GIU\\_2023\\_draft.pdf](http://ucab.ua/files/GIU_2023_draft.pdf).

sector to war conditions. Despite numerous challenges that resulted in a decrease in the production of basic agri-food products, production volumes still substantially exceed domestic market needs. The total harvest of cereals, legumes, and oilseeds in 2022 was 72 million tonnes and 81.6 million tonnes in 2023.

- Agriculture plays a much more significant role in Ukraine's GDP compared to that of European Union Member States. In 2022, the share of agriculture in the country's GDP was approximately 8.2%. In comparison, it was only 2.2–3.3% in Poland over the last two years. Additionally, crop production holds a much larger share in Ukraine's agricultural output than in Poland, due to the country's vast, fertile black soil and significant pre-war investments in new technologies.
- The structure of agricultural households in Ukraine differs from that of the European Union. Family farms, which dominate in the EU and Poland, account for a smaller share of agricultural production in Ukraine. Small agricultural enterprises produce only 10% of agricultural output, while medium and large enterprises contribute 65% and 25%, respectively<sup>5</sup>. Large agricultural enterprises, some of which have foreign shareholders, dominate cereal and oilseed production for export, and show limited interest in developing livestock farming. The exception is poultry farming, which often complements the crop production of some large enterprises.

<sup>5</sup> H. Bazhenova, *Ukraińskie rolnictwo w latach 2022–2024...*, pp. 10–11.



- The difference in economic structures between Ukraine and the European Union also lies in the comparative roles of agriculture and industry in value added. In 2022, the share of manufacturing in Ukraine's economy was less than 8% of GDP, a figure considerably lower than that of most EU Member States. This also means that since 1991, the industry share in the country's GDP has shrunk more than fivefold<sup>6</sup>. The deindustrialisation of the economy has been a prolonged process, with many Soviet-era enterprises failing to withstand the pressures of competition and economic transformation. Meanwhile, new businesses have primarily developed in agriculture and services sectors<sup>7</sup>. The consequences of this are visible in the country's trade in goods.

## Export and import

Despite the Russian invasion, which caused a nearly 30% drop in GDP in 2022, Ukraine continues to have significant export potential and holds a strong position in the global food market. An analysis of merchandise exports reveals that its key categories have been food products, metals, and production equipment and transport. In 2023, Ukraine sold most of its goods to Poland (4.8 billion USD), Romania (3.8 billion USD), and China (2.4 billion USD). Notably, while agri-food products accounted for almost 41% of Ukraine's export revenues in 2021, this share increased to 53% in

<sup>6</sup> See: H. Bazhenova, *Ukraina: 30 lat bez ZSRR* "Rocznik Instytutu Europy Środkowo-Wschodniej" 2021, vol. 19, issue 2, pp. 108–133.

<sup>7</sup> T. Akhvlediani, V. Movchan, *The Impact of Ukraine's Accession on the EU's Economy: The Value Added of Ukraine*, February 2024, pp. 4–5.

2022 and 61% in 2023. However, in general, export revenues from selling these products were reduced by 21.3%. In absolute terms, these amounted to 27.7 billion USD in 2021, 23.4 billion USD in 2022, and 21.8 billion USD in 2023. The main product groups in the commodity structure of agri-food exports were cereals and oilseeds, oils and fats, residues of the food and processing industries, as well as meat and offal.

The largest importers of goods to Ukraine were China (10.4 billion USD), Poland (6.6 billion USD), and Germany (5 billion USD). The key categories of merchandise imports included cars, chemicals, and fuel and energy products. In 2023, the negative balance of Ukraine's foreign trade in goods increased 2.5 times compared to 2022. Thus, the country's merchandise exports decreased for the second year in a row. In 2021, Ukraine sold 68.1 billion USD worth of goods abroad, but this figure dropped to 44.1 billion USD in 2022 and 36.18 billion USD in 2023<sup>8</sup>.

The primary reasons for the decline in foreign trade turnover were the temporary blockade of seaports by the Russian Federation and the closure of land borders by Poland, Hungary, Slovakia, and Bulgaria. In 2023, Ukrainian exporters' revenues were also negatively affected by falling global food prices. Consequently, sectors such as cereals, oils, and meat experienced partial revenue drops, even though export

<sup>8</sup> *Географічна структура зовнішньої торгівлі товарами в 2021 році*, Державна служба статистики України (ДССУ), [https://www.ukrstat.gov.ua/operativ/operativ2021/zd/ztt/ztt\\_u/arh\\_ztt2021.html](https://www.ukrstat.gov.ua/operativ/operativ2021/zd/ztt/ztt_u/arh_ztt2021.html) [18.10.2024]; *Географічна структура зовнішньої торгівлі товарами в 2022 році*, ДССУ, [https://www.ukrstat.gov.ua/operativ/operativ2022/zd/ztt/arh\\_ztt2022.html](https://www.ukrstat.gov.ua/operativ/operativ2022/zd/ztt/arh_ztt2022.html) [18.10.2024]; *Географічна структура зовнішньої торгівлі товарами в 2023 році*, ДССУ, [https://www.ukrstat.gov.ua/operativ/operativ2024/zd/ztt/arh\\_ztt2023.html](https://www.ukrstat.gov.ua/operativ/operativ2024/zd/ztt/arh_ztt2023.html) [18.10.2024]; H. Bazhenova, *Українське ролнство w latach 2022–2024...*, pp. 66, 71–74.

volumes increased. At the same time, challenges in exporting large volumes of agricultural raw materials demonstrated that a better strategy for Ukraine is to focus on selling higher value-added products abroad. These products are less affected by price fluctuations and can generate more revenue, even with a decline in sales volume<sup>9</sup>.

A major achievement in this regard was Ukraine's establishment of its own maritime corridor to the Black Sea ports of the Odesa region after Russia ceased fulfilling its obligations under the Grain Agreement<sup>10</sup>. This development enabled a gradual increase in cereals exports, the resumption of maritime exports for other goods, and the restart of sea imports. The temporary corridor, operating through the ports of Odesa, Pivdennyi, and Chornomorsk, was launched in mid-August 2023. During its first year, 64.4 million tonnes of products, including 43.5 million tonnes of agricultural products, were exported to 46 countries<sup>11</sup>.

## Labour market and human capital

Since the beginning of Russia's full-scale invasion on 24 February 2022, the development of the Ukrainian labour market, from the security perspective, has been characterised by challenges such as supply shortages. The worsening demographic situation in Ukraine has resulted from ageing,

<sup>9</sup> Ukrainian Agriculture Export Association, *Продукти з доданою вартістю підтримують агропродовольчий експорт під час повномасштабної війни*, 20 June 2024, <https://uaexport.org/2024/06/20/produkti-z-dodanoyu-vartisty-pidtrimuyut-agroprodovolchij-eksport-pid-chas-povnomasshtabnoyi-vijni/> [19.10.2024].

<sup>10</sup> The Black Sea Grain Initiative was an agreement between Russia, Ukraine, Turkey, and the United Nations that ran from 22 July 2022 to 17 July 2023.

<sup>11</sup> *Рік роботи Українського коридору: експортовано понад 64 млн тонн продукції*, Міністерство інфраструктури України, 16 August 2024, <https://mtu.gov.ua/news/35854.html> [20.10.2024].

high mortality and low fertility rates, increased external and internal migration, and the mobilisation of a significant share of the working-aged population. Under current conditions, the country is facing substantial outflows of its working-age population. Survey data from the UNHCR Regional Bureau for Europe indicates that more than 78% of surveyed Ukrainians in the EU were women. In 2023–2024, the share of Ukrainian women of working age (18–59) ranged from 42% to 37%<sup>12</sup>. Simultaneously, a reduction in the number of women of reproductive age, children, and youth might stipulate the ageing of the population in the future.

At the same time, the significant risk for the demographic potential of Ukraine is a serious loss of a skilled/educated labour force and the increased threat of a deterioration in the quality of human capital. According to the results of the “New Monthly Survey of Enterprises” entitled *Ukrainian Business during the War* conducted by the Institute for Economic Research and Policy Consulting, the share of enterprises experiencing considerable difficulties hiring skilled labour increased from 21% in January 2023 to 43% in April 2024 (see Figure 1)<sup>13</sup>.

Simultaneously, the utilisation of the skilled Ukrainian labour force abroad (especially Ukrainians entitled to temporary protection in the European Union) has remained largely ineffective. The results of the survey “Ukrainian

<sup>12</sup> UNHCR Regional Bureau for Europe, *Displacement Pattern, Protection Risks and Needs of Refugees from Ukraine*, Regional Protection Analysis, no. 4, [Geneva] 2024, <https://data.unhcr.org/en/documents/details/109384>.

<sup>13</sup> О. Кузяків et al., *Нове щомісячне опитування підприємств*, no. 24: *Український бізнес під час війни*, Інститут економічних досліджень та політичних консультацій, April 2024, [http://www.ier.com.ua/files/Projects/2024/TFD/\\_NRES\\_April\\_2024\\_FINAL\\_UA.pdf](http://www.ier.com.ua/files/Projects/2024/TFD/_NRES_April_2024_FINAL_UA.pdf).

Figure 1. Hiring of skilled labour in Ukraine, 2023–2024



Source: O. Кузяків et al., *Нове щомісячне опитування підприємств*, no. 24: *Український бізнес під час війни*, Інститут економічних досліджень та політичних консультацій, April 2024, [http://www.ier.com.ua/files/Projects/2024/TFD/\\_NRES\\_April\\_2024\\_FINAL\\_UA.pdf](http://www.ier.com.ua/files/Projects/2024/TFD/_NRES_April_2024_FINAL_UA.pdf).

Refugees: Future Abroad and Plans to Return” held by the Centre for Economic Strategy proved that the majority of returnees employed abroad were still working outside their occupation. In particular, nearly 51% of those employed in EU countries were working in a different occupation, compared to 36% of those who had been employed in the same occupation prior to 24 February 2022<sup>14</sup>.

This confirms the risks of the deterioration of the quality of human capital in Ukraine in the near future, due to the ineffective utilisation of skills and competencies.

<sup>14</sup> D. Mykhailyshyna et al., *Ukrainian Refugees: Future Abroad and Plans for Return*, Centre for Economic Strategy, 12 March 2024, <https://ces.org.ua/wp-content/uploads/2024/03/research-ukrainian-refugees.-third-wave.pdf>.

Another serious challenge for the development of the country's labour market and human capital is the narrowing demand for labour caused by infrastructure destruction, worsening economic conjuncture, and slowing rates of business activity. Russian attacks on Ukrainian civilian infrastructure and enterprises, as highlighted by Andrzej Szabaciuk, along with serious logistical difficulties and the collapse of foreign trade due to ongoing military operations, are having a negative impact on the labour market<sup>15</sup>. According to the Institute for Economic Research and Policy Consulting data, the share of enterprises with complete utilisation of production facilities decreased from 20% in June 2024 to 11% in July 2024<sup>16</sup>. At the same time, the skills mismatch and shortage of skilled labour remained the serious problem for labour market development in Ukraine. The number of vacancies registered in the State Employment Service increased from 57,000 units at the end of August 2023 to 72,000 units by the end of August 2024. Simultaneously, the number of registered unemployed individuals – particularly professionals, clerks, craft workers, and plant/machine operators – decreased from 108,700 persons to 104,700<sup>17</sup>. This reflects deepening structural disproportions between labour supply and demand.

<sup>15</sup> See: A. Szabaciuk, *Forced migrations in Eastern Europe after 2020*, Lublin 2022.

<sup>16</sup> О. Кузяків et al., "Не той оптимізм". Основні економічні тенденції та очікування у липні 2024 за результатами «Нового щомісячного опитування підприємств», #NRES [presentation], Інститут економічних досліджень та політичних консультацій, Київ 2024, [http://www.ier.com.ua/files/Projects/2024/TFD/0813/NRES\\_July\\_2024\\_ua\\_final.pptx](http://www.ier.com.ua/files/Projects/2024/TFD/0813/NRES_July_2024_ua_final.pptx).

<sup>17</sup> Державний центр зайнятості, *Кількість вакансій та чисельність шукачів роботи, зареєстрованих в Державній службі зайнятості станом на 1 серпня 2024 року (у розрізі професій)*, [https://old.dcz.gov.ua/sites/default/files/infofiles/4\\_profesions\\_08\\_2024.xlsx](https://old.dcz.gov.ua/sites/default/files/infofiles/4_profesions_08_2024.xlsx) [9.09.2024].

Gender-based occupational disparities due to mobilisation also remain significant. Under current conditions, employers have been offering training and retraining programmes for women in traditionally male-dominated occupations. Reskilling projects in Ukraine include accelerated training courses for women who wish to become truck drivers. After the Russian invasion in 2022, Ukraine suspended a law that banned women from working underground and in “harmful or dangerous” conditions. The *Metinvest* company has organised training programmes for women for occupations in the mining industry<sup>18</sup>. Meanwhile, businesses have pointed out that labour shortages, caused by the mobilisation of the workable population and large-scale migration, have become one of the major challenges to the growth of Ukraine’s business activity.

The strategic vision of the Ukrainian labour market and human capital development in the context of reintegration with Europe is determined by the following factors:

- strong dependence on security (relocation of enterprises to high-security zones with sufficient material and human resources);
- choice for economic development model (it is necessary to make a choice between recovery or reconstruction/modernisation based on innovation);
- reintegration with Europe in the context of provision for security of Central Europe (changes in economic

<sup>18</sup> «Робота на шахті — це спосіб жінок долучитися до оборони країни, підтримуючи українську економіку» – репортаж *The New York Times* з активів *Метінвесту* та *ДТЕК*, *Metinvest*, 23 August 2024, <https://metinvestholding.com/ua/media/news/robo-ta-na-shaht-ce-sposb-zhnok-doluchitsya-do-oboroni-krani-pdtrimuyuchi-ukranks-ku-ekonomku-reportazh-the-new-york-times-z-aktivv-metinvestu-ta-dtek> [10.09.2024].

conjuncture at the global, regional, national, and local levels, and integration into the European labour market that will require more territorial and occupational mobility);

- business environment improvement, economy and employment restructuring according to the economic model changes aimed on the provision of labour productivity growth;
- development of trans-border cooperation, creation of joint-stock enterprises for the effective utilisation of skilled labour;
- effective use of human capital (skills, education, and qualifications), development of non-formal education and retraining programmes according to the needs of economy;
- elaboration of the policy measures for the integration and reintegration of externally and internally displaced persons in cooperation with neighbouring countries that include trans-border cooperation and joint-venture enterprise creation; communications with potential returnees through social media and the creation of cultural centres in the countries – recipients based on civil society initiatives and the diaspora support;
- functional approaches to external and internal migration in Ukraine – dynamic changes in economic development depend on security (circular population mobility);
- changes of the model of population behaviour (changes of the population’s orientation on saving the permanent place of residence as a result of dwelling’s



destruction and global trends of population mobility growth);

- support for civil society and volunteer initiatives, development of public-private partnerships.

The development of the Ukrainian labour market in the context of reintegration with Europe may create favourable conditions for the employment of skilled Ukrainian workers in the Central European labour market. For Ukrainian skilled labour, job placement in the European labour market provides opportunities to improve their existing skills and competencies.

Sustainable development and provision of the resilience of the Ukrainian labour market foresee the realisation of the following policy measures:

- improvement of the business environment based on the transition to the innovative economic model (creation of competitive jobs);
- approval of an action plan for the implementation of the recommendations of the European Commission, presented in the Report on the progress of Ukraine within the framework of the 2023 European Union Enlargement Package<sup>19</sup>;
- creation of the conditions for population mobility growth (elaboration and implementation of

<sup>19</sup> Розпорядження Кабінету міністрів України від 09 лютого 2024 р. № 133-р "Про затвердження плану заходів з виконання рекомендацій Європейської Комісії, представлених у Звіті про прогрес України в рамках Пакета розширення Європейського Союзу 2023 року", Урядовий портал, <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-z-vykonannia-rekomendatsii-ievropeiskoi-komisii-predstavlenykh-u-t90224> [10.09.2024].

programmes for social dwelling, development of the market of rental dwelling);

- providing for the growth of occupational mobility, development of the system of non-formal education and retraining in line with economy needs, improvement of the quality of education, elaboration of competence-based content of curricula, creation of the conditions for the development of qualification centres to verify non-formal professional qualifications;
- provision of gender equality in both occupational opportunities and qualifications;
- needs to continue communications with potential returnees, and the necessity to preserve the identity of Ukrainians (creation of the culture centres in countries that host potential returnees, with support from civil society initiatives and the diaspora).

## Conclusions

The ongoing military conflict has deeply impacted Ukraine's economy and labour markets, leading to the further deindustrialisation of the country and a substantial loss of human capital. The Russian invasion has reduced the share of manufacturing in GDP to less than 8%, a figure critically low compared to most European Union Member States. At the same time, the agricultural sector remains one of Ukraine's most important and strategically significant industries, continuing to meet both domestic needs and rising global demand.

In light of Ukraine's possible accession to the European Union, the country could become a potential competitor to EU agricultural producers. In the short term, this will

inevitably pose challenges to the EU grain, oil, feed, and poultry industries. However, in the long term, Ukraine's accession could present an opportunity to strengthen the European Union's position in the global market, for instance, by developing its livestock industries and biofuel sector through the use of Ukrainian cereals and oilseeds. In this regard, the success of accession negotiations in the agricultural sector will primarily depend on the willingness of both parties to find a model of interaction based on compromise and mutually beneficial partnership and cooperation.

The war has significantly impacted the Ukrainian labour market. One of the major constraints on the country's economy is the growing shortage of skilled labour and the intensive migration outflows of the working-aged population. For the economy's reconstruction/modernisation, it is essential to provide employment restructuring aimed at the transition to an innovative economic model and to create conditions for labour productivity growth. This can be achieved by enhancing occupational and territorial mobility, developing a system of non-formal education and retraining aligned with economic needs, as well as ensuring gender equality in both occupational opportunities and qualifications. Simultaneously, policy measures should be elaborated for the integration and reintegration of displaced persons in cooperation with neighbouring countries.



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The countries of Central and Eastern Europe and their military capabilities are crucial to the regional resilience system due to their proximity to the Ukrainian theatre of war and these states' high vulnerability to Russian interference. The industry of the Visegrád countries (V4), with its central position on NATO's eastern flank and relatively large economic potential, has the capacity to play a significant role in the defence of this part of Europe. A well-developed arms industry is also a necessary factor for the V4 countries to be able to pursue a foreign and security policy that is as sovereign as possible.

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opportunities and challenges

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The full-scale attack by the Russian Federation on Ukraine in 2022 dramatically altered the landscape of the energy market and influenced the strategies of Central European countries. The region is progressively reducing its dependence on Russian energy sources and diversifying supply directions, employing a variety of tools to achieve this. Given the changing international conditions, there will undoubtedly be an accelerated shift away from fossil fuels, further driving the process of derussification. As a result, Central European countries face numerous challenges related to ensuring the availability of energy resources and managing the energy transition. The authors of the individual chapters in this paper have endeavored to outline ways to enhance the energy security of the region.

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Piotr Oleksy (ed.)  
Valentin Valkanov

**The European Union's narrative  
resilience in the Black Sea region**

Defining pro-Russian  
and anti-Western narratives  
in Bulgaria, Romania, and Moldova

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The Russian invasion of Ukraine has rendered the Black Sea region an extremely sensitive area for European security. The resilience of Bulgaria, Moldova, and Romania in response to Russia's actions is crucial for the stability of the EU as a whole. The case studies of these three countries reveal the mechanisms through which pro-Russian and anti-Western narratives spread. They highlight the main themes and channels of dissemination and explain the public emotions behind their popularity.

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**India and Central Europe:  
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India's relationship with Central European countries has deep historical roots, dating back to India's pre-independence era. Central Europe, though geographically distant, was not unfamiliar with India, as the region has a rich tradition of studying Indian culture, languages, and the country's anti-colonial struggle. Prominent Indian leaders like Mahatma Gandhi, Rabindranath Tagore, and Jawaharlal Nehru were well-connected with the intellectual circles of countries like Poland, Hungary, and the former Czechoslovakia. During the Cold War, this relationship was further strengthened as Central European nations, especially Soviet satellite states, played a key role in India's industrial development through the construction of factories and collaboration on major infrastructure projects. However, in the post-Cold War period, these connections diminished, becoming more routine and lacking the vibrancy of earlier decades.

Tomasz Stepniewski

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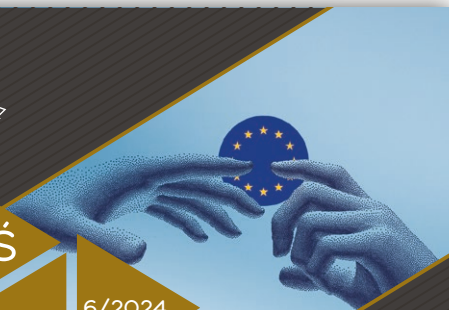
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As the Eastern Partnership marks its 15th anniversary, it is clear that the programme has had a profound impact on the EU's eastern neighbours, though its outcomes have varied significantly depending on the country in question. For Ukraine, Moldova, and Georgia, the EaP has provided a crucial framework for pursuing European integration, though challenges remain, particularly in the face of Russian aggression and internal political difficulties. For Armenia, Azerbaijan, and Belarus, the EaP has been a more ambivalent experience, with these countries taking different approaches to their relationships with the EU. Ultimately, the future of the EaP will depend on how these countries navigate the evolving geopolitical landscape as well as the EU's ability to adapt its own policies to the changing realities of the region.

Adam Reichardt, Tomasz Stępniewski

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**Ukraine, Moldova, Georgia  
– the past, present, and future  
of the oligarchs**

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In many of the states that emerged after the collapse of the Soviet Union, oligarchic systems were shaped as a result of political and economic turbulence. Oligarchs had, and in some cases still have, significant influence on the political and economic processes, blocking democratic reforms and pursuing their interests through corruption, informal connections, and political influence. This process has taken different form in particular states, as exemplified by Georgia, Moldova, and Ukraine.



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The geopolitical turn should have entailed abandoning or at least deprioritizing the conditionality approach in favour of swift enlargement justified by the awareness that the membership of all the Balkan countries would eliminate hard security concerns, such as the potential destabilization of the EU's periphery, which is a matter of particular importance in the new rivalry between the West, Russia, and China.



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European security**

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Ukraine's westward shift has intensified since Russia's 2022 invasion, reorienting its economic and defence policies towards Europe, especially Central Europe. This realignment seeks greater integration with European structures for security and socioeconomic resilience as Ukraine wants to be positioned as both a defensive frontier and an integral part of a stable Central Europe. However, the ongoing Russian aggression and its consequences generate many challenges concerning social and economic reconstruction, energy sector, agriculture sector, regional cooperation as well as perspectives of Ukraine's integration with EU and NATO and the future shape of international order.



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in times of uncertainty**

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In the shadow of the presidential elections in the United States, the key question that politicians, experts, and analysts in various parts of the world are asking is what impact these elections may have on the future international order, both globally and regionally. This influence can of course be assessed in different ways, just as political expectations related to them may differ – or even be diametrically opposed. These are elections in which the stakes may turn out to be high, especially from the perspective (and future security) of the countries of Central and Eastern Europe. This is because the full-scale Russian aggression against Ukraine has raised a number of questions about the security and future of this region – questions that, until recently, were solely the subject of academic discussions. Reality, however, shows that, contrary to what some contemporary political philosophers claim, world history has not come to an end – for better or worse. There is no doubt that America remains a part of this history, euphemistically speaking. Due to its unique position and considerable power, the United States is and will remain one of the pillars and the main guarantor of the current international order.

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**International cooperation  
in the Carpathian Region:  
from regional cooperation  
structures to the European  
Union macro-regional strategy**

Edited by Damian Szacawa

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This policy paper examines international cooperation within the Carpathian region, focusing on three key aspects. Firstly, it evaluates the role of the Carpathian region within subregional cooperation structures like the Visegrád Group (V4), noting limitations in environmental collaboration despite EU alignment goals. Secondly, it analyses the Carpathian Convention (2003), highlighting its success in fostering collaboration through networks and projects focused on biodiversity and sustainable development but recommending enhanced stakeholder engagement for a more significant impact. Finally, it explores the proposed European Union Strategy for the Carpathian Region (EUSCARP), acknowledging the challenges of securing unanimous support amidst concerns of overlap with existing strategies and highlighting ongoing efforts to build a comprehensive knowledge base for future collaboration.

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Ukraine's westward shift has intensified since Russia's 2022 invasion, reorienting its economic and defence policies towards Europe, especially Central Europe. This realignment seeks greater integration with European structures for security and socioeconomic resilience as Ukraine wants to be positioned as both a defensive frontier and an integral part of a stable Central Europe. However, the ongoing Russian aggression and its consequences generate many challenges concerning social and economic reconstruction, energy sector, agriculture sector, regional cooperation as well as perspectives of Ukraine's integration with EU and NATO and the future shape of international order.

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