

Our position

Ukraine's integration with the EU: unlocking business opportunities and overcoming challenges to investment

AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €4 trillion in 2023, directly supports more than 4.6 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Executive summary

Ukraine's EU accession process represents a strategic opportunity to unlock growth, trade and investment across Europe. For American and European businesses operating in the EU, integration offers expanded access to a resilient and resource-rich market, strengthened regional supply chains and new opportunities in sectors such as infrastructure, digital, agri-food and energy.

Realising these benefits will require Ukraine to build institutional and administrative capacity, modernise its infrastructure and support its private sector in complying with EU regulatory standards. At the same time, the EU must prepare itself to accommodate an enlarged membership and ensure that integration complements ongoing recovery and trade liberalisation efforts.

To achieve these ends, policymakers in both the EU and Ukraine should foster inclusive public-private dialogue, provide targeted support for regulatory alignment, build confidence in rule of law and implement public procurement reforms. With the right conditions, Ukraine's accession process can catalyse shared prosperity, resilience and long-term economic opportunity for Ukraine, the EU and international investors alike.

Introduction

Ukraine's integration with the EU has the potential to enhance Europe's economy and security, and strengthen both the country's and the region's competitiveness and attractiveness for investment.

Upon joining the EU, countries gain full access to the Single Market and open their markets to existing Member States. This provides a larger consumer base and stimulates trade and investment. Since 2013, Ukraine has pursued a clear path toward EU integration, which has a new level of momentum with the formal launch of accession negotiations. As the opening of initial negotiating clusters approaches, it is important to take stock of the current progress and examine how Ukraine's closer integration can ultimately benefit the Single Market overall, stimulate a better business environment and create economic opportunities for market actors.

This accession process starts from a different baseline than previous accession negotiations in that it takes place amid and after wartime destruction and an EU orientation to support Ukraine's defence. Consequently, the country has been more integrated into EU structures than any previous Member State candidates. For example, the enhancement of the trade relationship under the Deep and Comprehensive Free Trade Area by the introduction of Autonomous Trade Measures (ATMs) and the application of the Temporary Protection Directive to Ukrainian citizens have given Ukrainian state institutions, businesses and people faster access to the Single Market than other pre-accession states – albeit with Ukraine still being a long way from full application of the EU acquis.

This access comes alongside opportunities and challenges related to a market expansion at Ukraine's scale. A country and economy with more than 35 million citizens would make Ukraine's accession the biggest EU enlargement in over 20 years, substantially impacting the EU's economy across various sectors. To succeed, it would require engagement from the private sector in Ukraine, the EU and countries that have supported Ukraine. This paper explores key opportunities and recommendations for a smooth, mutually beneficial accession.

Economic opportunities of Ukraine's integration

There is great potential for both the economies of Ukraine and the wider EU in the country's merit-based accession to the EU.

Accession requires regulatory alignment, which can facilitate cross-border transactions and minimise compliance burdens for business. Furthermore, Member States can benefit from increased labour mobility, infrastructure investment and funding for development, which can contribute to regional growth, attract foreign investment and foster business innovation and competitiveness across the EU.

Ukraine's merit-based accession could improve regulatory predictability, market access and political stability, all of which incentivises investment in the country. At the same time, it could bolster both the size and security of the European market, improving its attractiveness in the face of increased global competition for investment.

From the broadest perspective, integrating Ukraine fosters political stability in Eastern Europe, bolstering EU security, which in turn supports a favourable business environment. Furthermore, Ukraine's integration would increase EU market size, boosting trade and investment opportunities. Ukraine adds a sizable consumer and production base with substantial economic growth potential. On a further structural note, Ukrainian workers – many of whom are young and educated – could help address EU labour shortages, especially in sectors facing demographic challenges, and contribute to EU labour markets, fostering innovation and growth.

These opportunities for the EU are reflected in Ukraine as well. Crucially, integration provides a foundation for security while EU membership requirements specifically can strengthen governance, rule of law and anti-corruption efforts, which in turn improve business confidence and investment prospects. Importantly, access to EU markets, funding and investment could boost Ukraine's economic growth and infrastructure while supporting Ukraine's recovery.

EU integration also facilitates Ukraine's trade with EU Member States and attracts foreign investment, helping integrate Ukraine into global markets. The comparison with Poland is a pertinent one: the two economies entered the 1990s with similarly sized economies and comparable levels of foreign investment but have since greatly diverged, helped in large part due to the investment pull factor of Poland's integration with Euro-Atlantic institutions and the stability and certainty this has fostered. Concretely, Poland, attracted \$37.5 billion in foreign direct investment (FDI) in 2021, while Ukraine received only \$8 billion in FDI¹.

The distinct characteristics of the Ukrainian economy as well as the experience built in specific sectors, both before and during Russia's full-scale invasion, can further bolster the European economy. Ukraine's rich agricultural and resource base could reinforce EU food and energy security. Meanwhile, Ukraine's technology sector could invigorate EU digital innovation and competitiveness through innovation hubs and digital collaboration opportunities. Through the digitalisation of government functions Ukraine delivers better and more transparent services to citizens and businesses, an example other countries could follow.

¹ World Bank, Foreign direct investment, net inflows (BoP, current US\$), https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2022&most_recent_year_desc=true&start=1970.

Moreover, Ukraine's experience in innovating, deploying solutions and collaborating with partners from the EU, the US and other allied countries in the defence sector can support the EU's ambitions to develop the industry in Europe. Ukraine's defence start-up ecosystem, where the prototypes are tested directly in the battlefield, could boost innovation in the sector if both public and private actors provided appropriate financial support for the research and development and scaling-up of production.

Across all these sectors, adoption of the EU acquis and Ukraine's entry into the Single Market create opportunities both for companies operating in the EU to invest in Ukraine and for Ukrainian companies to be integrated into European supply chains, including those of companies of foreign, including US, parentage operating and investing in Europe.

Challenges on the road to closer integration

Notwithstanding the opportunities, Ukraine must overcome significant challenges on the road to closer integration. As with all countries acceding to the EU, the competitiveness of Ukraine's economy with EU peers once it is fully integrated with the Single Market is pertinent. This is why stimulating growth and foreign investment as part of both recovery and accession-related instruments is key. Ukraine's unique economic structure, coupled with its notable advancements in aligning with the Single Market – outperforming many pre-accession countries – demonstrate the country's ability to meet to these challenges. Still, continuing down the accession path would require sustained effort from the Ukrainian government and EU partners.

Administrative capacity and institutional reform

Russia's full-scale invasion of Ukraine places extraordinary pressure on the country's budget, much of which is necessarily allocated to defence. Combined with high external debt and the broader economic impact of the war, this puts pressure on Ukraine's ability to build and sustain the institutional capacity necessary to implement EU accession-related reforms effectively.

Existing reconstruction efforts under the Ukraine Facility recognise this and highlight the importance of additional capacity building and technical assistance to ensure projects align with EU standards. The ability of Ukraine's state institutions to rapidly adopt and implement EU legislation also depends on access to sufficient human resources and expertise. Ukraine needs sustained support from EU partners to further reinforce institutional development.

More broadly a predictable and enforceable legal framework is essential to attract foreign investment and enable sustainable economic integration. Despite ongoing reforms, Ukraine must further strengthen judicial independence, consistency in regulatory enforcement and protection of property and contractual rights. These issues contribute to investor uncertainty and can deter long-term business engagement.

For companies, the assurance that commercial disputes can be resolved fairly, laws are applied consistently, and investments are protected under a rules-based system is key to expanding operations and contributing to Ukraine's integration and recovery.

In the related area of public procurement, Ukraine has made considerable strides through the adoption of the Prozorro e-procurement system. While its transparency is commendable, an overemphasis on price as the primary award criterion has led to the selection of lower-quality goods and project delays. The ongoing reforms recalibrating the system as required under approximation

with the EU acquis must achieve a better balance between price, quality and performance, which would enhance efficiency and attract higher-value bids.

Business adaptation to new regulatory regime

The successful implementation of EU rules and their potential to build the business case for foreign investors depends on Ukrainian businesses' ability to navigate and comply with the full scope of the EU acquis. This includes adapting to complex regulatory frameworks in areas such as environmental protection, product safety, labour standards and data protection.

Many Ukrainian companies may face financial and administrative constraints in undertaking the necessary investments to align with EU standards. Compliance may require upgrading facilities, adopting new technologies, enhancing corporate governance and retraining employees. Without adequate guidance, transitional support and access to EU markets and funding instruments, businesses risk being overwhelmed by the pace and scale of change.

Infrastructure and market integration

Ukraine's ability to integrate into the EU internal market is also determined by the capacity and quality of the cross-border connections of its railway and road transport infrastructure with that of the EU. At the moment, there are too few fully equipped railway and transport road crossing points with infrastructure for transshipment and storage of bulk goods to satisfy the significant logistical needs of Ukrainian exports. More targeted and sustained EU public and private investments in infrastructure upgrades are needed to remove the bottlenecks and facilitate trade links between Ukraine and the EU. Enhanced connectivity could facilitate trade, improve supply chain reliability and foster Ukraine's competitiveness within the Single Market.

Preparing the EU for enlargement

Ukraine's accession would also require significant preparation on the part of the EU. Existing EU institutions, financial frameworks and policy instruments must evolve to accommodate a new member of Ukraine's size and economic profile.

Enlargement would impact the EU budget, including in the areas of cohesion policy and the Common Agricultural Policy. A smooth accession requires careful planning to preserve the functionality and coherence of the EU, while taking into consideration current Member States' concerns.

Recommendations

A successful EU accession process for Ukraine should be grounded in predictability, transparency and inclusivity. It should recognise the vital enabling role of the concurrent process of recovery and reconstruction. To this end, stakeholders in the EU and Ukraine should ensure that policy on recovery and reconstruction, trade liberalisation and accession-related reforms are mutually reinforcing.

The EU's commitment to Ukraine's reconstruction should be strong and unequivocal on the understanding that the sheer costs of rebuilding from the damage brought during the war cannot be covered by any public balance sheet nor by EU actors alone. The EU must also ensure that the private sector – from the EU, Ukraine and other countries that have supported – can continue to play its crucial role on an equal basis. The World Bank estimates a cost of €506 billion for reconstruction².

² World Bank Group, Updated Ukraine Recovery and Reconstruction Needs Assessment Released, <https://www.worldbank.org/en/news/press-release/2025/02/25/updated-ukraine-recovery-and-reconstruction-needs-assessment-released>.

Instruments supporting the recovery that follow the Ukraine Facility must have appropriately long time horizons. More broadly, stakeholders must continue to recognise that the growth of the Ukrainian economy during the accession process is vital for its success as a future Member State. Much of this growth would have to come from stimulating FDI flows into the country. Importantly, particularly in the short term, the EU and other partners must promote de-risking mechanisms and instruments such as guarantees and private insurance to unlock access to stable, predictable and manageable funding resources.

Concurrently, liberalisation of trade ahead of full membership would provide much-needed revenues and stimulus for the reconstruction investments that are vital for social stability while reassuring international – including American – investors about the commercial viability of their projects in the country. For this, the revision of the trade relationship under the Association Agreement must be completed quickly and include greater market access and participation in the Single Market, which were brought about by the introduction of ATMs in 2022. If negotiations on the revised trade relationship take more time, the ATMs could be exceptionally extended to avoid disrupting trade for economic operators from both Ukraine and the EU.

As to the accession negotiations, the emphasis in the methodology adopted in 2020 on the fundamentals cluster in both opening and closing the process is a welcome one. Clear legal frameworks, predictable enforcement of regulations and anti-corruption safeguards are essential for attracting and retaining foreign investment. The EU acquis, when implemented and enforced, strengthens the judicial and regulatory environment and fosters transparency, predictability and legal certainty for investors. This includes ensuring the independence and efficiency of courts, safeguarding property rights and enforcing contracts in a fair and timely manner. Continued digitalisation of public services can play an important role in supporting this objective.

In building the capacity of the Ukrainian state institutions and business community needed to meet both the rigour and opportunities of EU membership, including through technical and financial support from the EU and its Member States, stakeholders should incorporate the expertise of private sector actors from the EU, the US and the wider democratic world. These organisations have experience in supporting the economic and institutional reforms that have made previous enlargements in Central and Eastern Europe a success for those societies and the EU as a whole.

As the negotiation process moves forward, stakeholders should establish and make more inclusive structured platforms at both the EU and Ukrainian levels to enable regular and meaningful consultation with the business community, including international investors. These platforms should serve as channels to share information on planned reforms, gather feedback on implementation challenges and facilitate coordination between public and private stakeholders. Consistent engagement would help avoid unintended consequences from the implementation of regulatory change and improve investor confidence.

Conclusion

Ukraine's integration with the EU is a historic opportunity to unlock new pathways for growth, innovation and investment across the continent. For American businesses operating in Europe, integration offers access to a rapidly developing market with strong industrial and agricultural potential, a dynamic technology sector and a highly skilled workforce.

Deeper economic integration would enhance supply chain resilience, diversify trade routes and expand investment opportunities across key sectors including infrastructure, manufacturing, agri-food, digital services and energy. As Ukraine gains access to EU markets, funding instruments and structural support, it could offer compelling business prospects while fuelling economic growth and reinforcing stability in the region.

To realise this potential, the EU and Ukraine must work together to provide sufficient support for regulatory alignment, modernise infrastructure, foster innovation and strengthen institutional capacity. Integration must also be closely coordinated with ongoing recovery efforts and trade liberalisation, ensuring that Ukraine's path toward EU membership delivers long-term, mutually beneficial outcomes for both the EU and its global partners, including American companies invested in a stable and prosperous European marketplace.