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BY ALL ROADS TO THE EUROPEAN UNION: A STRATEGY TO ACCELERATE UKRAINE'S EUROPEAN INTEGRATION¹

I. The main message:

We recommend that Ukraine:

- pursue with full energy the process aimed at obtaining full membership of the European Union (EU) as soon as possible.
- in parallel, take steps to obtain as soon as possible membership in the European Economic Area (EEA), emphasizing that its ultimate goal is EU membership.

Ukraine should request that in each area of membership negotiations, negotiations on adjustments in connection with EU and EEA applications be joint.

We refer to the proposed approach as the “By All Roads to the EU” strategy and compare it with the “By One Road to the EU” strategy (in which Ukraine limits itself to applying for EU membership and does not undertake parallel efforts to obtain EEA membership).

The “All Roads to the EU” strategy does not intend to replace EU membership with EEA membership. The aim of this strategy is to facilitate and accelerate Ukraine’s membership in the European Union.

II. Key premises:

1. It is in the interest of both the EU and Ukraine that Ukraine joins the EU as soon as possible.

2. While procedures for Ukraine’s accession to the EU have started, its duration and outcome remain unknown.

2.1. Ukraine will have to convince EU member states that it meets EU requirements.

Ukraine must introduce the EU acquis into its legal order in all areas considered during the accession negotiations and ensure that these norms are respected in practice. This will require special efforts, considering that Ukraine ranks very poorly on the quality of governance, including the rule of law and anti-corruption [2].

2.2. The European Union will have to implement reforms deemed necessary to be able to admit new members.

The European Commission and leading EU countries believe that the admission of country of Ukraine’s size must be preceded by institutional reforms to improve the functioning of the EU, in particular regarding:

- changing the voting rules in the Council of the European Union,
- introducing solutions enabling effective control of the rule of law and compliance with European values by member states,

¹ Based on a report being prepared for the Abraham Stern Foundation as a continuation of the series of reports on the future of Ukraine – see: [1] and [3].

- changes in the EU budget involving the introduction of new sources of income and changes to the rules for transfers under the Common Agricultural Policy and structural funds.

However, there is no consensus among member states on these reforms.

2.3. Ukraine's membership in the EU will require the consent of all member states, and in some countries, referenda may be necessary, the results of which are often difficult to predict.

Today, no politician at the EU or member state level can guarantee that Ukraine will become an EU member within the foreseeable future, even if it makes its best efforts to meet EU requirements.

3. The possibility of a prolonged accession process with an uncertain outcome may have dramatic political and economic consequences.

This could cause frustration and slow down or even stop Ukraine's adjustment activities, which would derail the accession process. The effects of this would be:

- the country's inability to pursue a path of rapid economic development,
- increased susceptibility of Ukraine to destabilization attempts from Russia and the threat of loss of sovereignty.

4. Intermediate goals are needed which, in the case of a prolonged EU membership accession process, can occur faster and bring about measurable effects.

Such an intermediate goal may be Ukraine's accession to the EEA.

5. Ukraine's participation in the EEA may be accepted more quickly by EU countries than full EU membership.

Obtaining participation in the single market through EEA membership requires the same adjustments to EU requirements and regulations as accession to the EU.

However, an EEA member:

- does not have formal influence on decisions made by the EU and the shape of EU regulations,
- does not benefit from transfers under the Common Agricultural Policy and
- has no guarantee of access to structural funds.

Hence, Ukraine's entry into the EEA may take place before EU countries reach a consensus on the institutional changes needed to grant Ukraine membership in the EU. When admitting a new member to the EEA, it is less likely that it will be necessary to hold referenda in individual EU countries.

6. Accession to the EEA may bring Ukraine over 80 % of the economic benefits of EU membership.

In 1990, Ukraine and Poland were at a similar level of economic development, but in 2020, Poland's GDP per capita in purchasing power parity terms was almost three times higher than in Ukraine [3, p. 8]. Most of this difference in the economic development of the two countries between 1990 and 2020 can be attributed to the fact that Poland carried out much more comprehensive reforms and joined the EU. Estimates show that the economic benefits in the form of a positive impact on GDP growth resulting from Poland's EU membership result in more than 80 % from access to the single market, and the EU structural funds play only a secondary role [4].

Membership in the EEA will give Ukraine guarantees of access to the single European market as provided by EU membership. Such guarantees are not provided by bilateral agreements, such as an association agreement, which may be in future terminated or limited by one party.

The guarantee of access to the single European market provided by EEA membership will significantly increase the inflow of investments to Ukraine and may allow the Ukrainian economic "miracle" to start before Ukraine becomes a full member of the EU.

7. Accession procedures to the EEA and the EU are not contradictory and can run in parallel with the joint negotiation process.

Ukraine may become a member of the EEA by joining the European Free Trade Association (EFTA) and then joining the EEA Agreement (or alternatively amending the EEA Agreement so

that the Agreement expressly states that the EEA consists of the members of the EU, EFTA and Ukraine).

Once Ukraine obtains EU membership, other procedures leading to Ukraine's participation in the EEA will be discontinued and Ukraine will leave EFTA (if it becomes a member earlier).

8. Membership in EFTA and EEA will increase the chances of a positive finalization of Ukraine's accession to the EU and may accelerate this process.

Historically, six countries have crossed from the EFTA into full EU membership: Austria, Finland, Sweden, Denmark, Great Britain and Portugal. These countries entered EFTA before they could join the EU, and once they were in the EU they left EFTA. The countries that transferred from EFTA to the EU had the shortest EU accession process in history (from submitting an application to obtaining membership): in the case of Finland this period was less than 3 years, in the case of Sweden - 3.5 years, and in the case of Austria – 5.5 years.

In the event of Ukraine's accession to the EEA, the country's experience of functioning within the single market will contribute to dispelling fears in individual member states about Ukraine's accession to the EU. Moreover, growing trade turnover will increase the influence of groups interested in the development of economic cooperation with Ukraine in individual member states.

9. The “By All Roads to the EU” strategy can significantly accelerate EEA membership and Ukraine's entry onto the path of rapid economic growth, as well as accelerate its entry into the EU.

The acceleration of EEA membership may result from two reasons:

a. Ukraine will not wait with EEA membership until EU countries agree on the reforms necessary for EU enlargement (see paragraph 5).

b. With the prospect of a valuable and achievable intermediate goal in the form of EEA membership, Ukraine will probably adapt more quickly to the regulations and requirements of the single European market because of reducing the risk of slowing down or stopping the process referred to in paragraph 3.

The acceleration of EU membership in the case of the implementation of the “By All Roads to the EU” strategy may result from the fact that Ukraine will adapt to EU requirements more quickly (see point b. above) and from the fact that previous membership and functioning in EFTA/EEA will dispel some of the concerns in member states about whether Ukraine is really prepared (see paragraph 8).

III. Scenarios of Ukraine's accession to the EU and the EEA

In Tables 1 and 2, we present an analytical framework to discuss numerical consequences of adopting the “By All Roads to the EU Strategy”.

We have defined several scenarios ranged from most to least optimistic in terms of EU accession time interval under the “By One Road to EU” strategy.

In *Table 1*, we present for each scenario our opinion on changes in probability weighted moments of Ukraine's accession into the EEA and the UE, in case of adoption of the “By All Roads to the EU” strategy. We present also an estimate of cumulative GDP increase resulting from an earlier entry into EEA.

Table 1

Scenarios of Ukraine's accession process to the EU (30-year perspective: 2022–2052)

Scenario basic definition		Outcomes under two compared strategies					
		"By One Road to the EU" strategy	"By All Roads to the EU" strategy				
Name	Time period of entry into the EU in "By One Road to the UE" strategy**	Probability weighted moments			Acceleration compared to the "By One Road to the EU" strategy (in years)		Cumulative difference in GDP resulting from an earlier entry into EEA** %
		Date of entry into the EU (and thus into the EEA)*	Date of entry into the EEA*	Date of entry into the EU *	Entry into the EEA	Entry into the EU	
Extremely optimistic	Up to 5 years	4,5	4,5	4,5	0	0	0
Optimistic	6–10	9	6	8,5	3	0,5	5,6
Medium	11–20	15	8	13	7	2	13,7
Pessimistic	21–30	24	12	20	12	4	24,6
Very pessimistic	–	–	15	–	At least 15	0	At least 31,6
Extremely pessimistic	–	–	–	–	0	0	0

* In years from the moment of submitting the application to the EU, i.e. from 2022.

** Indicative calculation based on estimates made for Poland, according to which unrestricted access to European single market means an increase in the average annual GDP growth rate by 1.85 %, cf. Orłowski [4, p. 13].

We do not take a position here on the probability of individual scenarios from *Table 1*. In *Table 2* we present sample probability variants ranging from Variant 1 (with higher probability of optimistic scenarios) to Variant 3 (with higher probability of pessimistic scenarios). The outcomes shown in the two bottom lines of the *Table 2* demonstrate that the main message of our article, that the "By All Roads to the EU" strategy accelerates Ukraine's European integration, does not depend on the assumption of the probability of individual scenarios.

Table 2

Examples of probability assigned to particular scenarios and consequences

Scenario basic definition		Sample probability variants		
Name	Time period of entry into the EU in the "By One Road to the UE" strategy**	Variant 1 (more optimistic), %	Variant 2 (in between), %	Variant 3 (more pessimistic), %
Extremely optimistic	Up to 5 years	5	5	5
Optimistic	6–10	35	25	15
Medium	11–20	35	40	30
Pessimistic	21–30	15	20	20
Very pessimistic	–	5	5	15
Extremely pessimistic	–	5	5	15

Outcomes				
Average probability weighted acceleration under the “By All Roads to the EU” strategy compared to the “By One Road to the EU” strategy (years)	Entry into the EEA	5.3	6.0	5.0
	Entry into the EU	1.5	1.7	1.5

Our analytical exercise can be summarized as follows:

- In most of the scenarios considered, the “By All Roads to the EU” strategy speeds up Ukraine’s entry into the EEA, and in none of the scenarios it delays the entry. EEA entry is accelerated on average by several years, and in one case, by at least 15 years. Accelerating Ukraine’s entry into the EEA means the possibility of a rapid economic growth trajectory earlier, which may mean that Ukraine will achieve a GDP level higher than in the “By One Road to the EU” strategy by several or even several dozen percent.

- In the scenarios considered, the “By All Roads to the EU” strategy in some cases accelerates the moment of accession to the EU, but never delays it.

Our analytical framework is of course open to criticism and revisions but provide an overall rubric for the decisions Ukraine faces with regards to integration into Western trade and political structures.

We present this exercise to show that the proposed “By All Roads to the EU” strategy is not in any way tantamount to a step back or postponement of Ukraine’s aspirations for EU membership in favour of participation in EFTA and the EEA. On the contrary, the proposed strategy aims to accelerate Ukraine’s European integration process and hasten Ukraine’s full membership in the EU.

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