

BALTIC RIM ECONOMIES
SPECIAL ISSUE ON UKRAINE'S
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**ELINA
VALTONEN**
Ukraine has the
right to determine
its own future



**MARGUS
TSAHKNA**
The world has the
power to help
Ukraine win the war



**KRIŠJĀNIS
KARIŅŠ**
Ukraine forging
its future towards
the EU



TOMI TAIPALE
The role of the
Finnish SME sector in
the reconstruction
of Ukraine



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BALTIC RIM ECONOMIES

**The Centrum Balticum Foundation publishes
the Baltic Rim Economies (BRE) review
which deals with the development of
the Baltic Sea region.**

**In the BRE review, public and corporate
decision makers, representatives of Aca-
demia, as well as several other experts con-
tribute to the discussion.**

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TETIANA POLOZOVA & IRYNA SHEIKO

Role of Ukraine integration into EU and NATO for supporting economic development and national security

Expert article • 3567

The integration of Ukraine into the European Union and NATO holds significant implications for both its economic development and national security. Economically, EU integration offers Ukraine access to a larger market, fostering trade and investment. Membership in these organizations provides Ukraine with access to substantial financial resources, expertise, institutional support, crucial for reconstructing war-affected regions. This financial support can be channeled into infrastructure projects, job creation, and the revitalization of industries.

And the amount of funds for the support of the national economy during military operations and post-war reconstruction is growing significantly and rapidly. The World Bank has put the cost of reconstruction and recovery at \$411bn (£323bn) on February 2023. But this sum increased sharply. According to the United Nations (March 2023) report, poverty in Ukraine has risen in a year from 5.5 percent to 24.1 percent, and Ukraine's GDP reduced on 29.2 percent. Also 5.4 million Ukrainians internally displaced and 8.1 million moved abroad.

Ukraine during almost two years of war demonstrated unpredictable level of sustainability. In March 2022, 79% of businesses in Ukraine stopped their activity, but by the end of 2022 this figure had been reduced to just 32%. Given the scale of the destruction caused by the war, this is a remarkable achievement. Similarly, Ukraine was able to avoid bureaucratic failure due to digitalization of public services.

To start the rebuilding process, investing in robust digital infrastructure becomes imperative. Digitalization creates opportunity for economic diversification, allowing Ukraine to reduce its dependence on traditional industries. Embracing technologies such as artificial intelligence, blockchain, and the Internet of Things can catalyze the creation of a more dynamic and resilient economic landscape.

Efficient governance is crucial for post-war recovery, and digitalization plays a pivotal role in achieving this objective. Implementing e-governance solutions enhances transparency, reduces bureaucratic hurdles, and promotes citizen engagement.

The European Union is one of Ukraine's strongest supporters. Since the start of Russia's war against Ukraine, the EU made available close to €83 billion in financial, humanitarian, and military assistance to Ukraine. This includes €18 billion in macro-financial assistance only in 2023 and €814 million in grants. On 20 June 2023, the Commission proposed to set up a new €50 billion Ukraine Facility to support Ukraine's recovery, reconstruction and modernization, and reforms needed for EU accession. The Ukraine Facility will provide coherent, predictable, and flexible support to Ukraine for the period 2024- 2027, adapted to the challenges faced by a country at war.

NATO's role in post-war rebuilding is equally significant. Military cooperation with NATO allies can help in securing and stabilizing conflict-ridden areas, facilitating the return of displaced populations, and ensuring a safe environment for rebuilding initiatives.

Strategic coordination between Ukraine, the EU, and NATO is essential for optimizing the synergies between economic recovery and security stabilization in the post-war scenario. The alignment with EU standards can enhance the competitiveness of Ukrainian industries, leading to economic growth.

However, there are challenges, such as the need for structural reforms, the fight against corruption, a significant number of the population that fled the country due to military aggression. Balancing economic benefits with geopolitical complexities requires strategic policy. In general, the integration of Ukraine into the EU and NATO is a multifaceted process that can positively affect economic development and strengthen national security. ■

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