

## EU SPEAKERS CONFERENCE

### Part I - Russian aggression in Ukraine and the EU response in the wider geopolitical context (EU enlargement, energy security, post-war reconstruction)

#### BACKGROUND MATERIAL

##### Context

On February 24, 2022, the Russian Federation attacked Ukraine, triggering a conflict the repercussions of which can be felt around the world. In addition to the tensions that arose within the international community, the war exacerbated or directly caused high inflation and the energy and food crises, which, moreover, have hit the world at a time when it is still dealing with the consequences of the covid-19 pandemic and looking at ways to mitigate the effects of the climate change. The European Union has been at the forefront of international efforts to support Ukraine by providing financial and military assistance, energy assistance, humanitarian aid, emergency assistance, countering disinformation and, to a large extent, diplomatic efforts. The EU is also working with the Ukrainian government on a roadmap for Ukraine's recovery and reconstruction, where a key aspect is bringing the country closer to the EU in terms of reforms, alignment with the EU acquis, promoting energy efficiency and digitalisation. The EU's support for Ukraine, including the accelerated recognition of Ukraine's candidate status, is therefore both a response to Russia's military aggression and a strong political signal.

##### Ukraine on the road to the EU

On 28 February 2022, Ukraine formally applied to join the EU. Following a request from the European Council, the European Commission issued an opinion on [Ukraine's](#) application for membership of the European Union on 17 June 2022 (as well as on the applications of [Georgia](#) and [Moldova](#) on 3 March 2022). The opinion is based on an assessment against the criteria set by the European Council in Copenhagen (1993) and Madrid (1995), with a focus on assessing the country's administrative capacity. The Commission has also considered Ukraine's efforts to fulfil its obligations under the Association Agreement/Deep and Comprehensive Free Trade Agreement (DCFTA). The Opinion already reflects to some extent the situation of the country after the start of the Russian invasion.

In terms of political criteria, the opinion states that Ukraine "has made overall progress in achieving stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities."<sup>1</sup> Ukraine boasts an active and strong civil society. As regards the economic criteria, Ukraine displays a good macroeconomic performance and a high degree of resilience, which has been reflected in ensuring macroeconomic and financial stability even after the Russian invasion in February 2022. As regards the ability to fulfil the obligations of membership, Ukraine has made satisfactory progress in implementing the Association Agreement/DCFTA and moving towards the EU acquis. In its opinion, the European Commission recommended that Ukraine be granted candidate status, subject to the steps to

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<sup>1</sup> [Sdělení Komise Evropskému parlamentu, Evropské radě a Radě – Stanovisko Komise k žádosti Ukrajiny o členství v Evropské unii](#). COM(2022) 407 final, s. 19.

be taken.<sup>2</sup> Following the opinion of the European Commission, Ukraine was granted **candidate status** on 23 June 2022. As underlined in the opinion, the accession process will continue to be based on "established criteria and conditions".<sup>3</sup> At the same time, an analytical review of the EU *acquis* has begun.

In its **conclusions on enlargement and the Stabilisation and Association Process, the EU Council** refers for the first time to Ukraine, Moldova, and Georgia in December 2022. Enlargement policy is highlighted in the [document](#) as one of the EU's strategic priorities to "firmly anchor peace, democracy, prosperity, security and stability" in Europe.<sup>4</sup> The Council commended Ukraine's efforts in meeting the objectives and conditions set out in the Commission's Opinion on Ukraine's application for membership. At the **extraordinary European Council** on 9 February 2023, European leaders commended Ukraine's efforts to meet the objectives of the accession process. The [conclusions](#) also highlighted the assistance provided to Ukraine by the EU and the Member States to date. The **European Council** also addressed the situation in Ukraine at its meeting on 23 March 2023. In its [conclusions](#), it welcomed, among other things, the adoption of the UN General Assembly [resolution](#) on the principles of the UN Charter, which constitute the basis for a comprehensive, just and lasting peace in Ukraine. The European Council took note of the arrest warrants issued by the International Criminal Court against the Russian President and the Commissioner of the Office of the President for the Rights of Children. It also welcomed the forthcoming negotiations on a new Convention on International Cooperation in the Investigation and Prosecution of Genocide, Crimes against Humanity, War Crimes and Other International Crimes, as well as the agreement to establish a new International Centre for the Prosecution of the Crime of Aggression against Ukraine (ICPA) in The Hague, which will be linked to the existing joint investigation team supported by Eurojust.

The European Commission's first evaluation report on Ukraine's progress towards the EU is due to be presented in spring 2023.

## Ukraine's needs and prospects for reconstruction

Russia's aggression is causing significant damage to Ukraine's infrastructure, which will require intensive cooperation from the international community to repair. According to the Second Rapid Damage and Needs Analysis ([RDNA2](#)) prepared by the World Bank in cooperation with the Ukrainian government, the European Commission and the United Nations in March 2023, the **direct damage** to Ukraine after a year of war exceeded \$135 billion (USD). The most affected sectors are housing (38%), transport (26%), energy (8%), trade and industry (8%) and agriculture (6%). Ukraine's gross domestic product (GDP) fell by 29.2% in 2022. The country's **reconstruction and rehabilitation needs** are estimated at around USD 411 billion as of 24 February 2023, i.e., 2.6 times current GDP, which includes building a modern, low-carbon and resilient country with policies and standards aligned with the EU, i.e., a country that is ready to join the EU (see Figure 1). Currently the most needed sectors include transportation, housing, energy, social protection and livelihoods, explosion risk management and agriculture.

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<sup>2</sup> Podrobněji viz: [Sdělení Komise Evropskému parlamentu, Evropské radě a Radě – Stanovisko Komise k žádosti Ukrajiny o členství v Evropské unii](#). COM(2022) 407 final, s. 20.

<sup>3</sup> [Sdělení Komise Evropskému parlamentu, Evropské radě a Radě – Stanovisko Komise k žádosti Ukrajiny o členství v Evropské unii](#). COM(2022) 407 final, s. 20.

<sup>4</sup> [Rozšíření a proces stabilizace a přidružení – závěry Rady](#), s. 2.

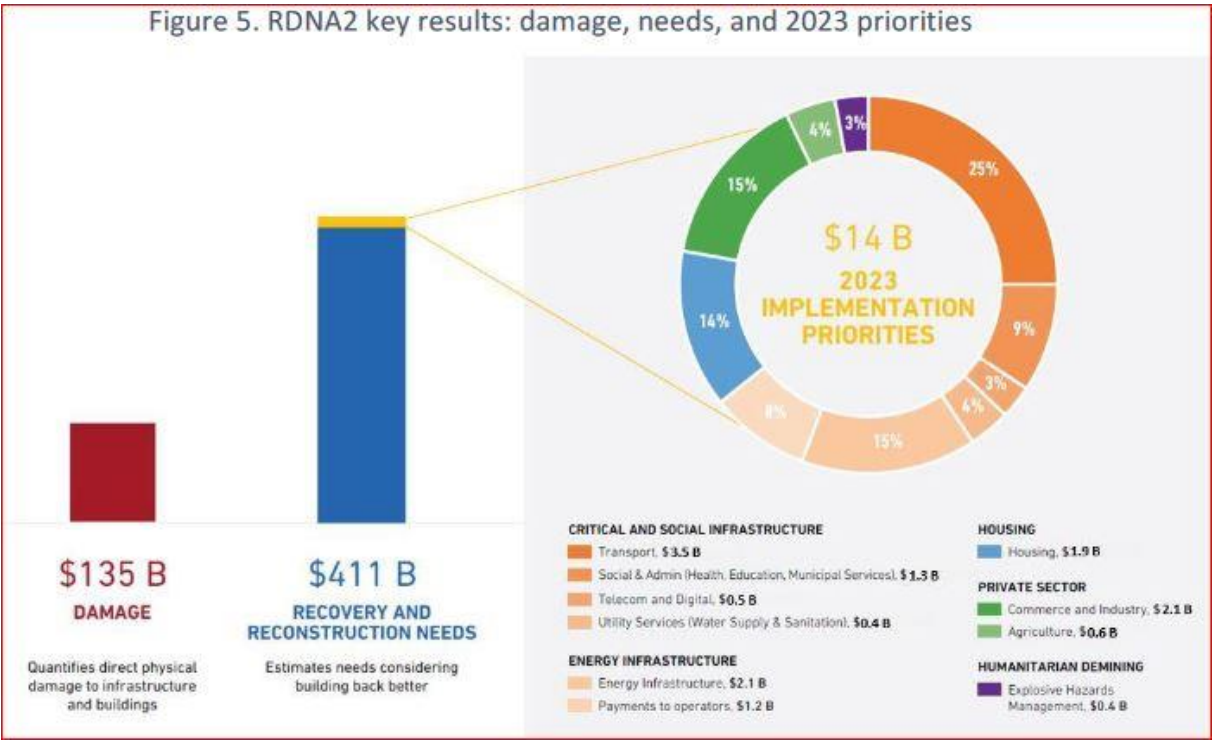
Chart 1: Total expenditure needed for rehabilitation and reconstruction (in billions of USD)



Source: [The World Bank](#)

More than USD 5 billion will have to be invested in the clearance and disposal of the rubble alone. The report stresses the need for a phased approach to reconstruction and rehabilitation, with an additional USD 14 billion, or around 3.5% of the total estimated expenditure, to be committed to implement the priority actions for 2023 on top of the funding already made available (see Chart 2).

Chart 2: RDNA2 Main Results - Damages, Needs and Priorities for 2023 (in billions of USD)



Source: [The World Bank](#)

Of this amount, USD 9 billion will be invested through direct government spending, which will be further complemented by investments by state-owned companies and support aimed at sustaining and stimulating the private sector. The priority sectors for this spending are transport, energy, and housing (see Chart 3). As the document notes, there is an opportunity to develop innovative funding methods that could help reduce risks and enable greater private sector funding.

Chart 3: Priority investments for 2023 (USD billion)



Source: [The World Bank](#)

Regarding the **energy sector** in Ukraine, which has suffered serious losses in recent months as a result of direct attacks on energy infrastructure, RDNA2 estimates the damage at more than USD 10 billion. Approximately 12 million households have faced or continue to face limited access to electricity, drinking water and heat. While it is essential to restore basic energy supply and associated services as quickly as possible, the document stresses the importance of impact of the current policy decisions in this sector on achieving long-term economic, climate protection and energy security goals. With the stated aim of *'to build back better'*, long-term priorities such as energy efficiency, decarbonisation, increasing the share of renewables, resilience to cyber-attacks and thoughtful nuclear energy planning need to be kept in mind. In other words, short-term objectives and immediate solutions should not ultimately prevent the implementation of long-term climate goals and requirements related to the EU accession process. Investments must be made in line with reforms in the areas of the rule of law and the fight against corruption, as well as with EU standards and principles related to the Green Deal for Europe and digital transformation.

The seven basic principles of Ukraine's recovery and reconstruction were defined by the [Declaration](#) of the [Conference on Reconstruction of Ukraine](#) held in Lugano, Switzerland, in July 2022. RDNA2 builds on the principles and adds additional elements, including the harmonisation of Ukrainian law and standards with the EU *acquis*. At the conference, the

Ukrainian government also presented a comprehensive [recovery plan](#) totalling USD 750 billion with specific targets to be met by 2032. Furthermore, the participants committed to 12 goals, including establishing a coordination platform, promoting innovative approaches to land reconstruction, and engaging the private sector and civil society. In December 2022, working groups comprised of representatives of the Ukrainian government and international partners were formed based on each chapter of the recovery plan. The World Bank also established the Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF).

## EU support for Ukraine

### Strategic recovery plan „RebuildUkraine“

On 20 May 2022, the European Commission presented a [Communication](#) on "Assistance to Ukraine Relief and Reconstruction". In the document, the Commission envisages four main pillars for the country's recovery:

1. restoring infrastructure and digital and energy resilience;
2. continued modernisation of the state and its institutions;
3. deepening Ukraine's economic and social integration with the EU;
4. supporting the revival of the Ukrainian economy and society related to green and digital transformation.

Following the assumption that the reconstruction will take more than ten years and will require significant financial resources, the Commission has proposed a high-level strategic recovery plan "RebuildUkraine". The Ukrainian authorities would be responsible for implementing the plan, but it would be endorsed by the Union and other international partners. Establishing a clear link between the plan and the reform agenda and alignment with the EU *acquis* will constitute an essential element. As the document recalls, the Ukrainian government has already established a National Council for Reconstruction, and on the EU side there has been a Task Force in support of Ukraine since 2014. According to the document, the Ukrainian government has clearly expressed its support for the proposed "RebuildUkraine" plan.

### EU financial assistance

Since the start of the Russian aggression in Ukraine, the EU, together with Member States and financial institutions within Team Europe, has provided a **total of around €67 billion**. This includes, among other things, €37.8 billion to support overall economic, social, and financial resilience, €12 billion in military assistance and €1 billion for rapid recovery (see Chart 4).

On 2 February 2023, European Commission President Ursula von der Leyen and 15 Commissioners met with the Ukrainian government in Kiev to deepen the EU-Ukraine cooperation. The President von der Leyen presented a new €450 million **aid package for 2023**, which will include €305 million in bilateral assistance to strengthen Ukraine's resilience and support reforms and €145 million in humanitarian aid.

The European Commission's [Support Group for Ukraine](#) (SGUA), together with the EU Delegation to Ukraine, is, among other things, redirecting funding allocated to ongoing projects totalling up to €200 million to provide much-needed assistance in the form of basic needs, shelter, medicines and medical equipment, and to support Ukrainian refugees, civil society organisations and other vulnerable groups of the population.

Chart 4: EU financial assistance to Ukraine



Source: [European Commission](https://ec.europa.eu/eu-press/en/eu-financial-assistance-ukraine)

Macro financial assistance

In terms of **macro-financial assistance**, the EU has provided €11.6 billion of support to Ukraine in the form of loans and guarantees in 2022. In 2023, the EU is providing a support package of highly concessional loans totalling at €18 billion. The first instalment of €3 billion was disbursed in January 2023 and the next instalment of €1.5 billion is due in the second half of March 2023.

Humanitarian help

The European Union has provided €668 million in **humanitarian aid**, of which €630 million was for Ukraine and €38 million for Moldova. A further €330 million is for emergency support programmes providing basic goods and services, including education and health care. Under the [EU Civil Protection Mechanism](#), which includes Iceland, Norway, North Macedonia, Serbia, and Turkey in addition to the 27 EU Member States, assistance is being provided in the form of generators, fire trucks, mobile hospitals, life-saving kits, and other equipment. The mechanism has also been activated to **support Ukrainian refugees** in Poland, Moldova, the Czech Republic, and Slovakia. Thanks to the adoption of the Temporary Protection Directive, as well as the possibility to use unused funds from the Cohesion Fund 2014-2020, which total up to €17 billion, EU Member States can provide refugees with better access to the labour market, housing, medical care, or education. Medical supplies and other specialised equipment were provided through the [rescEU](#) system. The EU is also coordinating the **evacuation of Ukrainian patients** in need of urgent care. For this purpose, a Medevac centre for evacuated Ukrainian patients has been established in Rzeszów, Poland, from where they are transported to European hospitals. So far, more than 1850 patients from Ukraine have been transferred to European hospitals. In addition, the EU is providing financial assistance totalling EUR 100 million for the **repair of destroyed schools** in Ukraine, and the European Commission has earmarked

EUR 14 million for the **purchase of school buses** to enable children from destroyed areas to travel safely to schools still in operation.

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### Solidarity Routes

In May 2022, the **solidarity routes** were established by the European Commission and some Member States to allow both the export of agricultural goods from Ukraine and the export and import of other types of goods. In November 2022, €250 million in subsidies were made available to support the solidarity routes and a further €50 million will be allocated to support infrastructure development to increase the capacity of the solidarity routes. In total, €1 billion has been mobilised for the solidarity routes by the European Commission, the Czech Republic, Poland, Slovakia, Moldova, Romania, Ukraine, the European Investment Bank, the European Bank for Reconstruction and Development and the World Bank Group. Since the beginning of the war, the solidarity routes have enabled Ukrainian farmers and entrepreneurs to generate revenues of EUR 25 billion.

In addition to the above, the EU and its Member States provide **support to Ukraine in sub-areas** such as research programmes, cybersecurity, roaming services, market access for businesses, suspension of import tariff quotas and support for investigations into war crimes committed by Russia in Ukraine. The European Commission has also announced **Ukraine's planned involvement in several EU programmes** such as the Single Market Programme, the Connecting Europe Facility, the Phoenix initiative linked to the New European Bauhaus initiative and Horizon Europe, including the Euratom programme.

### International co-operation

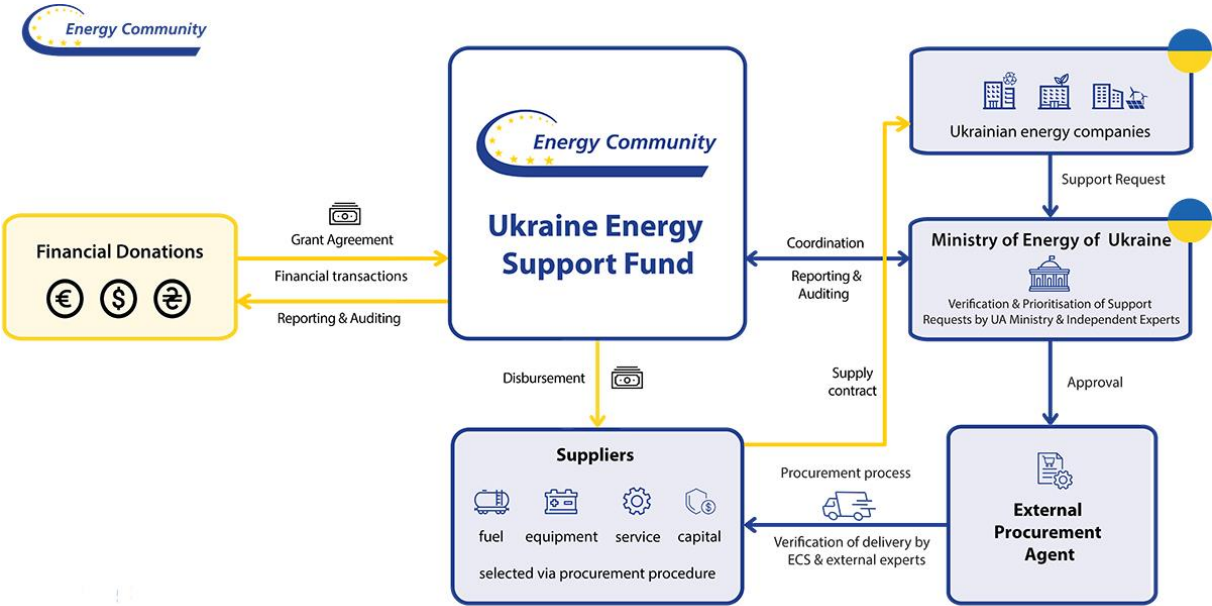
On 25 October 2022, the **International Expert Conference on the Reconstruction, Reconstruction and Modernisation of Ukraine**, organised by the German Presidency of the G7 in cooperation with the European Commission, took place in Berlin. At the conference, European Commission President Ursula von der Leyen outlined three key factors for Ukraine's successful reconstruction: (1) ensuring all necessary support to Ukraine, (2) establishing a mechanism to ensure the broadest and most inclusive support possible, and (3) firmly integrating Ukraine's reconstruction efforts into its European orientation. In January 2023, the **Multilateral Donor Coordination Platform** was established to facilitate the coordination of international donors and international financial institutions to enable transparent and accountable aid delivery. The Platform is co-chaired by the European Commission, the US and Ukraine.

### Supporting the Ukrainian energy sector

Through the [Ukraine Energy Support Fund](#) (UESF), established in March 2022 at the request of the Ukrainian Ministry of Energy under the Energy Community (EnC), more than €157.5 million has already been made available for the immediate needs of the Ukrainian energy sector. This Fund was set up to enable the acceptance of donations from EU Member States, third countries and international financial organisations. The donations are used to fund the equipment and services necessary for the functioning of the energy industry and infrastructure in Ukraine, under the supervision of the Ukrainian Ministry of Energy. The Energy Community Secretariat

maintains a database of potential suppliers of equipment, fuel and services that can be contacted by independent procurers if their offers match the demand of Ukrainian energy companies (see Chart 5). In accordance with the procedures of the Fund, the goods and services shall be paid for by the Energy Community Secretariat being the administrator of the Fund. In the course of January 2023, following requests for support from 30 energy companies under the Fund, tenders were launched for the supply of essential energy equipment worth over €107 million.

Chart 5: Procedure for the use of the Ukrainian Energy Support Fund



Source: [Energy Community](https://www.energy-community.org)

Thanks to the opening of the EU Energy Platform to Energy Community countries, Ukraine can also participate in **joint gas purchases**. Further support in the energy sector comes from the [EU4Energy stage II](#) programme, which runs until December 2024 and aims to contribute to achieving a clean energy transition and increased energy security in Ukraine, Georgia and Moldova, as well as to provide energy access to the war-affected population in Ukraine. The programme is funded by the European Union with a budget of €8.5 million and involves the Council of European Energy Regulators (CEER), the International Energy Agency (IEA) and the Energy Community Secretariat.

On 16 March 2022, the **Ukrainian and Moldovan transmission grids were successfully synchronised** with the transmission systems of continental Europe, inter alia, to ensure the stability of the Ukrainian electricity system. The EU plans to increase electricity supply to Ukraine from the current 700 MW to 2 GW. There are also plans to lay an electricity cable under the Black Sea to link Romania, Georgia, and Azerbaijan, bringing additional electricity to Moldova, the Western Balkans and Ukraine via a downstream overland network. The EU-funded project will require an investment of around €2.3 billion.

To ensure nuclear safety in the country, the European Commission has contributed €7.7 million to support the State Scientific Technical Centre for Nuclear and Radiation Safety of Ukraine. EU reserves also provided more than €40 million worth of chemical, biological, radiological, and nuclear measures, and equipment. The EU has allocated €13 million to rebuild the laboratory destroyed by the Russian army at the site of the decommissioned Chernobyl nuclear power



plant and a further €3.5 million to support the nuclear energy sector in Ukraine through the International Atomic Energy Agency (IAEA).