



Dispelling Myths: The Social and Economic Implications of Ukraine's Membership of the European Union

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Executive Summary

Across Europe, there are worries about the social and economic implications of Ukraine joining the European Union (EU). Some of these worries involve myths that need to be dispelled.

- Ukraine's accession to the EU would not mean the end of the Common Agricultural Policy (CAP), since transition periods and capping mechanisms can be used to alleviate the effects. Ukraine could instead strengthen the EU's agricultural sector and might also provide the right impetus to move ahead with necessary CAP reforms in the next long-term EU budget.
- The temporary protection status already in place for Ukrainian citizens and the possibility of transition periods for the free movement of people mean that Ukraine's EU accession need not cause mass migration of Ukrainian citizens to other EU member states. Instead, managed migration from Ukraine could complement European labour shortages and alleviate the EU's demographic challenges.
- The costs of integrating Ukraine will not be a budgetary disaster. Existing rules around the EU's cohesion policy limit the amount of funds for which Ukraine is eligible. Furthermore, the economic opportunities and the benefits of having Ukraine as part of the internal market should not be underestimated.

To build support for Ukraine's EU accession across Europe, the key policy implications of Ukrainian membership must be discussed in a clear and inclusive manner. One approach could be to invite citizens of EU member states and sector representatives to regular enlargement dialogues in Brussels, providing a platform to voice concerns and engage directly with policymakers. In addition, a strategic communication campaign could be launched across Europe, where EU representatives visit local communities to discuss the social and economic implications of enlargement. Finally, to address worries about Ukraine's accession in member states, the European Commission could issue an official statement detailing existing and potential temporary mechanisms for easing the transition.

Various political leaders across Europe have reiterated the urgency of bringing Ukraine into the European Union. There are several [security-related reasons](#) why this is the case. Respecting the sovereign right of Ukraine to pursue a European path prevents Russia from achieving its ambition to establish a security order divided into spheres of interest, where competition for territory, resources and influence is settled by force. Ukraine would also make concrete contributions to the EU's common military capabilities through its strong army, military expertise and innovative defence industry. However, these and similar arguments do not resonate equally across Europe. In some EU member states, concerns other than hard security, such as agricultural policy, migration and budgetary concerns, are more salient. These social and economic issues are highly relevant for the future of the EU and will also have security implications in the long term. As the [Draghi report](#) outlines, the EU is at a critical juncture for speeding up its economic growth and boosting its competitiveness. This report addresses the social and economic implications of Ukraine joining the EU by clarifying the challenges, outlining the opportunities and dispelling the myths of what it would mean to have Ukraine as a full EU member in three areas: agriculture, migration and economic productivity.

The end of the Common Agricultural Policy?

As one of the world's largest grain exporters, and with [agricultural land](#) the size of Italy, Ukraine is perceived as a threat by many farmers in the EU. The Common Agricultural Policy (CAP) is one of the EU's largest areas of expenditure, accounting for [32 per cent](#) of the total 2021–2027 budget. The CAP makes a significant contribution to farm incomes across the EU. There are fears that Ukraine would become a CAP beneficiary, and that Ukrainian farmers would receive large agricultural subsidies immediately on accession, thereby diverting funds from existing member states. There are also fears that Ukraine might not adhere to as high standards of food safety and environmental protection as other EU member states, leading to unfair competition and pushing prices down on the internal market.

While Ukraine's membership would impact the EU's agricultural sector, five points indicate how the effects might be alleviated and managed. First, implementing transition periods to limit Ukrainian farmers' access to full CAP subsidies, as when [Spain](#) joined the EU in 1986, could balance out the costs of integrating Ukraine into the common agricultural market over time. For a certain period after its EU accession, Ukraine would be granted a smaller CAP share compared to existing member states. This could allow Ukraine to gradually adjust to EU standards while at the same time reducing immediate strains on the EU budget.

Second, the EU could introduce capped payments that limit the share of CAP funds that a member state or individual farm would receive. [Mandatory capping](#) has been discussed by the European Commission as a means of coping with Ukraine's accession.

Third, large Ukrainian agro-holdings might not even qualify to receive CAP funds. The current CAP features a redistributive payment scheme that caps direct payments to large farms. Moreover, many companies in Ukraine's agricultural sector are competitive and do not need subsidies to continue their businesses, reducing the likelihood that CAP payments will be diverted away from existing member states.

Fourth, in order to meet EU standards to join the single market, Ukraine would need to implement reforms on food safety, water quality, nature protection, animal welfare and

pesticide use. These reforms are likely to increase production costs in Ukraine, which reduces the risk of unfair competition.

Fifth and last, internal competitive pressure within the EU could be eased by channelling Ukrainian agricultural products to third markets, where Ukraine is already well [established](#). These food exports would also make the EU a stronger player in the global food market.

In addition to the above points, it should be noted that Ukraine's EU accession offers opportunities for the EU. Ukraine's agricultural industry could reduce Europe's dependence on [imports](#) of agricultural products and strengthen the EU's food security. [Over 71 per cent](#) of Ukraine is agricultural land and 56 per cent is arable land, making the country the [world's largest exporter](#) of sunflower oil, the third largest exporter of barley, the fourth largest exporter of maize and the fifth largest exporter of wheat. Ukraine's membership of the EU could improve the EU's agri-food trade balance by reducing its dependence on imported products such as grains and oilseeds.

Furthermore, regardless of the outcome of Ukraine's EU accession process, it will be necessary to reform the CAP to increase productivity. Previous EU enlargements involving countries with large agricultural sectors have led to reforms of the CAP; for example, a [second pillar](#) of the CAP dedicated to rural development was created in anticipation of the 2004 enlargement. This time, Ukraine's EU integration could generate the necessary impetus to move ahead with reforms. Ukraine's accession process will continue under the next multiannual financial framework (MFF), which is now in preparation. The prospect of Ukrainian membership might motivate member states to be more creative and enhance the efficiency of CAP and cohesion fund structures, which would ultimately benefit the EU as a whole.

Mass migration from Ukraine?

Ukraine has a large population and wage levels are below the EU average. There is therefore a fear that Ukraine joining the EU would generate a wave of mass migration. It is perceived that Ukrainian citizens will leave Ukraine in search of better economic opportunities in other EU member states. Some fear that this will lead to labour market disruptions, downward wage pressures and strains on social services in EU member states.

However, it should be noted that Ukraine already benefits from Temporary Protection Status (TPS), which grants residency, work rights and social benefits to Ukrainian refugees across the EU. Thus far, more than [4 million](#) Ukrainian citizens have moved to the EU, benefiting from TPS. This mechanism has put Ukraine's labour market integration to the test, showcasing the potential for the rapid integration of Ukrainian citizens into host country labour markets. In Poland, for example, [two-thirds](#) of the Ukrainian refugees of working-age are employed. Continued implementation of the TPS could make the transition to the free movement of people as part of full EU membership smoother.

There are also ways to mitigate the risk of a rapid outflow of Ukrainian workers to EU member states. For example, temporary restrictions could be introduced to protect the labour markets of EU member states and limit access to their social welfare systems. Such transition periods could help to manage labour mobility out of Ukraine, while also reducing the risk of labour force shortages for Ukraine's reconstruction efforts. Following the eastward EU enlargement

in 2004, 12 of the 15 existing member states imposed such [temporary restrictions](#), which lasted for up to seven years.

Furthermore, it should not be forgotten that the EU faces [demographic challenges](#) linked to an aging population and a shrinking workforce. It is estimated that, in the absence of net migration, the EU working-age population will decline by [57 million](#) between 2022 and 2050. Ukraine's highly skilled workforce can help to fill this gap: [58 per cent](#) of Ukrainians aged 30–34 have completed tertiary education, compared to the EU average of 40 per cent. Ukraine also has a large share of its workforce working in strategic sectors such as healthcare, construction and technology. These sectors help to address European [labour shortages](#) and strengthen the EU's resilience.

Finally, the alternative scenario – that Ukraine's EU integration fails – would arguably entail a higher risk of mass migration. A political outcome that fails to respect Ukraine's sovereign choice to become a prosperous and democratic state that is integrated into Europe would increase the risk of renewed Russian interference and aggression in the future. Further refugee flows from Ukraine would be likely in the face of prolonged instability and insecurity in the region, which would increase the social and economic burden on existing EU member states.

A budgetary disaster?

The consequences of Ukrainian membership for the EU budget are another area of concern in some member states. Ukraine's relatively low labour costs and large industrial base raise questions about how it could be fully integrated into the internal market without negatively impacting existing member states that receive EU subsidies and other forms of economic support. Similarly, concerns about limitations in Ukraine's alignment with the EU *acquis*, mainly in terms of modernisation and governance, raise fears about unfair competition and corruption.

However, implementation of the 2016 Deep and Comprehensive Free Trade Area ([DCFTA](#)), as part of the 2014 Association Agreement (AA), has ensured that Ukraine is already well connected to the EU internal market. In terms of trade in goods, the agreement eliminated almost all tariffs between the EU and Ukraine. As part of Ukraine's implementation of the AA and DCFTA, steps have already been taken to align legislation with the EU's *acquis*. For Ukraine to access the internal market as a full member, it will need to live up to all the EU's standards, from consumer protection to financial services to statistics collection and publication.

Moreover, Ukraine has already begun a large-scale [public administration reform](#) and the EU integration process has provided impetus for reforms in Ukraine that will help to ensure transparency and proper implementation of regulatory norms. In its 2024 enlargement [report](#), the Commission noted that Ukraine has strengthened its anti-corruption institutional framework, helped specialised anti-corruption bodies to become more effective and achieved a notable level of enforcement in high-level corruption cases.

A number of possible steps and mechanisms could alleviate the economic effects of Ukraine's accession to the EU, such as implementation of temporary safeguard measures on imports of selected products, as stipulated by [Article 144](#) of the Treaty on the Functioning of the European Union. Gradual tariff reductions and phased market access could allow

businesses in member states to adapt to an eastward enlargement.

A second factor to account for is the 2.3 per cent of gross domestic product (GDP) cap on cohesion policy allocations, which would limit the amount of funds for which Ukraine is eligible. According to one [study](#), Ukraine's accession under current budget rules would account for just 0.13 per cent of EU GDP, which would leave the net recipient/ payer positions of current EU member states hardly changed.

Furthermore, the economic opportunities and benefits of having Ukraine as part of the internal market should not be underestimated. Ukraine has a [vibrant tech sector](#) and 25,000 IT specialists graduate annually. Computer services account for 38 per cent of the total service sector and the tech sector contributes over 4 per cent of Ukraine's GDP. Integration of Ukraine's skilled workforce would contribute to the EU's digital transformation.

Many countries have experienced substantial economic growth following EU accession. The [Polish and Maltese](#) economies have more than doubled in size, for example, since joining the EU in 2004. Ukraine's relatively low economic starting point, combined with its educated population and strong economic potential, could generate growth that benefits the entire EU economy. Increased Ukrainian imports from the EU and greater foreign direct investment in Ukraine, as part of the country's reconstruction process, could create jobs and tax revenues for EU member states.

Ukraine's energy sector and critical raw materials also offer potential contributions to the EU's economy. As a producer of natural gas, renewable energy and nuclear power, Ukraine could contribute to the EU's energy transition and help to lower energy costs in member states. The [EU imports 90 per cent](#) of the gas it consumes and has a high [energy import dependency rate](#) overall. Ukraine's energy sector could strengthen the EU's energy security and autonomy. Ukraine's critical raw materials, on which an EU-Ukrainian [strategic partnership](#) is already in place, constitute another economic opportunity. Ukraine ranks second in the world for gallium production and fifth for germanium extraction, and has the most extensive untapped lithium deposits in Europe. Ukraine's [resources](#) could enhance the resilience and autonomy of EU industries, which remain dependent on [imports](#) of critical raw materials from third countries.

Policy recommendations on dispelling the myths about enlargement

- ❖ EU policymakers could invite EU citizens and sector representatives to regular **enlargement dialogues** in Brussels to provide a high-level platform for voicing concerns and engaging directly with policymakers.
- ❖ EU policymakers could launch a **strategic communication campaign** across Europe, in which EU representatives visit local communities to discuss the social and economic implications of enlargement.
- ❖ The European Commission could issue an **official statement** detailing the existing rules and potential temporary mechanisms intended to distribute the costs of enlargement over time and allow gradual adaptation by all parties.



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