

5. EU support for the recovery process and developing the economic and business environment in Ukraine after the large-scale conflict with Russia in 2022

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Abstract: Ukraine's wartime recovery is analysed through the unprecedented scale and variety of EU support after Russia's 2022 large-scale invasion. The chapter reviews EU budgetary and policy documents, financial commitment data, reports and secondary literature, and also applies a simplified PESTLE perspective to the business environment. The assistance combines emergency stabilisation with long-term reconstruction and accession-oriented reform. Key instruments include macrofinancial assistance, the Ukraine Facility, humanitarian packages, military support, Solidarity Lanes, SME and innovation measures, and temporary protection for displaced Ukrainians. The EU mobilised more than EUR 84 billion for Ukraine's economy, emergency needs and early recovery, alongside substantial refugee support within Member States. The chapter presents the Union as both crisis manager and transformative partner, helping preserve sovereignty while preparing deeper European integration.

Keywords: Ukraine, financial instruments, Ukraine Facility, European integration, war economics.

Introduction

Following the onset of large-scale conflict with Russia in 2022, the relationship between the European Union (EU) and Ukraine deepened, resulting in robust political, economic, and institutional ties. These ties have played a crucial role

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in Ukraine's efforts toward recovery, financial resilience, and long-term modernisation. The EU is Ukraine's most significant trading partner, accounting for approximately 56% of its total trade in goods in 2023. This partnership underpins Ukraine's orientation towards European integration and its commitment to market reforms, the rule of law, and harmonisation with EU standards (European Commission, 2024). Since the implementation of the Deep and Comprehensive Free Trade Area (DCFTA) in 2016, trade between Ukraine and the EU has expanded rapidly. By 2023, the total trade in goods between the EU and Ukraine had surpassed €61.9 billion, more than doubling since the DCFTA entered into force. Moreover, the EU supports Ukraine's access to its Single Market by granting full trade liberalisation, having temporarily suspended import duties, quotas, and trade defence mechanisms for Ukrainian goods since June 2022. These measures were renewed through June 2025, substantially assisting Ukrainian producers and exporters during a period of economic duress (European Commission, 2025a).

Beyond goods, the EU also invests in Ukraine's integration into European value chains. Ukraine's potential accession to the EU, along with ongoing accession negotiations involving Moldova, highlights the strategic importance of these trade relations. The EU is currently mapping priorities and actions to further adapt its structures for the inclusion of new Member States, which will facilitate smoother integration and deeper economic linkages (European Commission, 2024). To facilitate this integration, the EU has mobilised a range of instruments to support Ukraine's economic stability, recovery, and modernisation. These include both immediate crisis-response tools and long-term development funding.

The chapter sheds light on the European Union's supportive instruments directed to Ukraine and aims to: (1) identify and quantify the principal channels of EU assistance to Ukraine between 2022–2025; (2) analyse the policy mechanisms underpinning this support; and (3) assess the balance between immediate crisis intervention and longer-term resilience building. The structure encompasses the instruments' characteristics, the evolution of EU assistance to Ukraine in numerical terms, the Member States' contributions, and an analysis of the bilateral relations between the EU and Ukraine. This is followed by the impact of this evolutionary cooperation on business development and concluding remarks.

5.1. Overview of the EU instruments supporting Ukraine after the war

The EU has deployed multiple instruments to support Ukraine in response to the crisis triggered by Russia's large-scale invasion of Ukraine in 2022. This overview highlights the scope of EU assistance, detailing the various mechanisms

designed to address immediate humanitarian needs, support economic and business stability, and facilitate long-term recovery and resilience in Ukraine.

5.1.1. REACT-EU and CARE initiatives

REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) and CARE (Cohesion's Action for Refugees in Europe) are specialised EU crisis instruments introduced in response to sudden shocks, such as the COVID-19 pandemic and, subsequently, the war in Ukraine.

Both REACT-EU and CARE provide rapid funding to address emerging economic and social challenges. For Ukraine, these initiatives allocated resources to urgent needs, including supporting businesses disrupted by war, maintaining employment, stabilising local economies, and covering essential social services.

Funds target Ukrainian SMEs, sectors heavily affected by the war, and regions with significant refugee inflow or economic dislocation. Funding under these programmes is distributed flexibly through cohesion policy channels, allowing regional authorities in the EU Member States to swiftly direct aid where most needed, whether it be for job support, business survival, or essential public spending (European Commission [1], n.d.).

5.1.2. The Ukraine Facility

The Ukraine Facility is a comprehensive financial framework established by the EU to underpin Ukraine's recovery, reconstruction, and modernisation in the context of EU accession negotiations. Large-scale grants, loans, or guarantees are offered to finance Ukraine's recovery efforts, infrastructure rebuilding, and economic reforms.

To access funding, the Ukrainian government must develop and implement a national Recovery and Reform Plan. This plan outlines priorities for reconstruction (transport, health, energy, and governance) and commitments to reforms necessary as part of the EU accession process, including strengthening the rule of law, enhancing transparency, combating corruption, and achieving regulatory convergence with the EU. The Facility is not merely a short-term instrument but aims to solidify Ukraine's trajectory towards sustainable development, digital transformation, and readiness for EU membership. It combines new resources with existing EU instruments and initiatives (European Commission [2], n.d.).

5.1.3. Support for SMEs and startups

The EU recognises the vital role that innovative businesses and small and medium-sized enterprises play in Ukraine's economic resilience. Thus, several initiatives were launched.

- **European Innovation Council (EIC) Initiative:** In 2022, the EIC launched a dedicated €20 million programme for Ukrainian tech startups and SMEs. Its goal is to foster entrepreneurship, create new value chains, and embed Ukrainian businesses into pan-European networks of research, innovation, and investment
- **Programmes and networks:** This support is implemented via a consortium of business associations, innovation hubs, and Ukrainian partners, offering direct financing, mentoring, rapid integration into European innovation ecosystems, and access to EU platforms.
- **Broader SME Inclusion:** By helping startups and established SMEs, the EU aims to sustain business activity, protect jobs, and ensure ongoing technological development despite the disruptive effects of war.

5.1.4. Enterprise Europe Network (EEN) and Task Force on Ukraine

The Enterprise Europe Network (EEN) is one of the world's largest support networks for SMEs with international ambitions. It was expanded to facilitate both the recovery processes and the country's prospective EU membership for Ukrainian entities. It has offered several instruments to support the Ukrainian businesses affected by the war under its operations in the Single Market Programme (EISMEA, 2023):

- **Crisis Response:** Since the outbreak of the war, EEN has launched special actions to assist Ukrainian businesses facing supply chain disruptions, market loss, or logistical barriers.
- **Ukraine Task Force:** This dedicated task force coordinates support from across the EU for both Ukrainian firms and partner agencies, facilitating collaboration, matchmaking with EU companies, and providing business advisory services tailor-made for war-affected conditions.
- **Integrated Platforms:** Initiatives such as the **European Cluster Collaboration Platform (ECCP)** and **Erasmus for Young Entrepreneurs (EYE)** further enable Ukrainian companies and entrepreneurs to connect with their European peers, learn from best practices, and explore new market opportunities.

5.1.5. EU funding for Ukrainians abroad

Recognising the wave of Ukrainian entrepreneurs and professionals relocating to the EU due to the conflict, the following instruments were proposed, including those directed to the Ukrainian innovators, tech startups, SMEs, etc. (European Innovation Council, 2023):

- **New Business Creation:** The EU has opened funding channels and support programmes for businesses founded and operated by Ukrainians in EU countries. These initiatives encourage the development of new business ventures, facilitate the integration of Ukrainian talent into EU economies, and enable the creation of cross-border value chains.
- **Networking and Integration:** Ukrainian-run companies abroad can tap into EU networks, accelerators, and business incubators, helping both the individual entrepreneurs and the broader EU economy benefit from Ukrainian innovation and agility.

5.1.6. Connecting Europe Facility for Solidarity Lanes

Following the signing of new road transport agreements between the EU, Ukraine, and the Republic of Moldova, and the extension of the Trans-European Networks (TEN-T) to Ukraine in 2022, the EU has decided to establish alternative logistics routes via rail, road, and inland waterways, known as Solidarity Lanes. The Connecting Europe Facility instrument supported their operation. This was a response to the blockade imposed by Russia on transport due to military operations. These Lanes aim to protect (European Commission, 2025c):

- global food security,
- the export of Ukrainian goods,
- the import of fuel and humanitarian aid into Ukraine.

These instruments demonstrate the EU's multifaceted approach: responding to immediate crises, supporting lasting economic resilience, and laying the foundations for Ukraine's accession to the EU by driving institutional reforms and integration into the Single Market.

5.2. EU financial support for Ukraine through mechanisms and numbers

In response to Russia's full-scale invasion of Ukraine in February 2022, the EU has implemented a wide range of policy responses to assist the country in overcoming the dreadful consequences of the war. Alongside the imposition of 18 packages of sanctions and other restrictive measures against the aggressor so far, the EU has intensified its support on an unprecedented scale to strengthen Ukraine's overall capacity and resilience to military and non-military challenges. The wide-ranging social and financial assistance includes measures such as emergency macro-financial assistance and budget support, humanitarian aid and civil protection, reception of refugees through the EU temporary protection mechanism, military support, trade liberalisation measures, and support in the investigation and prosecution of war crimes. The EU, together with its Member States (MS) and financial institutions for development (FID), have so far mobilised over EUR 164.8 billion for Ukraine and its people. This multi-agency platform of coordination, referred to as the *Team Europe* approach, was launched in order to improve the intra-EU-MS-FID effectiveness and deliver a far greater impact than fragmented individual action. In fact, the mobilisation of financing and coordinating sources of assistance at the multilateral level has led to the four main financial action packages, as shown in Figure 5.1. This extraordinary financial support constitutes both Team Europe's commitments to assist Ukraine in mitigating the consequences of Russia's aggression and the resources earmarked for Member States welcoming Ukrainian citizens fleeing the war.

What stands out in Figure 5.1 is how support is predominantly directed towards Ukraine's economy, emergency response, and early recovery, representing more than half of the total financial assistance. Within the framework of this action, the EU provided or guaranteed a support package (available in both grants and loans) amounting to EUR 7.2 billion in macro-financial assistance (MFA), which was disbursed in 2022. Moreover, the EU set out a second financial package of up to EUR 18 billion for 2023 that covers support in the form of highly concessional loans, and subsequently additional packages totalling EUR 33.2 billion. These financial resources are primarily allocated towards the following support areas (Regulation, 2022):

- a) financing Ukraine's immediate needs, to ensure the macroeconomic stability of the country;
- b) rehabilitating critical infrastructure, such as water systems, energy infrastructure, transport networks, or in strategic economic and social sectors, such as hospitals, schools, and housing for relocated persons;

- c) supporting institutional reforms, including the judiciary and the fight against corruption, good governance, respect for the rule of law, and modernisation of the institutions;
- d) preparing for the sustainable post-war reconstruction;
- e) supporting Ukraine's path towards European integration, including its integration into the structures of the internal market, as well as reinforcing economic development and boosting competitiveness;
- f) strengthening Ukraine's administrative and institutional capacity, including technical assistance.

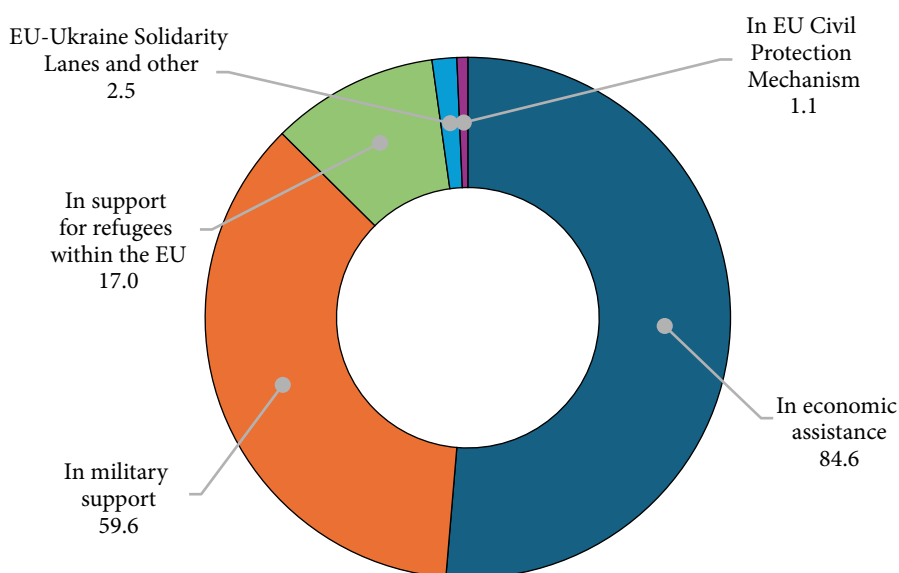


Figure 5.1. EU financial action to support Ukraine in EUR bln

Source: (European Commission, 2025b).

As a result of this assistance, Ukraine have been able to maintain its essential public services, keep paying wages and pensions, sustain its public administration and provide emergency relief to those in immediate need. These resources also serve to reinforce the public health system by improving access to health services (e.g., supporting the domestic production of essential medicines) and strengthening its resilience to respond to and recover from the deadly consequences of war. With this support, it is possible not only to repair and reconstruct damaged critical municipal infrastructure but also to bolster Ukrainian efforts to safeguard their national institutions while advancing critical reforms and the integration with the EU.

Closer inspection of the data on economic and financial assistance presented in Figure 5.2 confirms that the support resources were provided by various donors and are made available in multiple forms. MFA funds made available to Ukraine were provided via long-term loans on highly favourable terms and were paid out in a small number of instalments. The Commission borrowed the financial resources necessary to cover this initiative from international capital markets. At the same time, the administrative fee payments and interest costs related to the loan were borne for the first time by the EU budget. It is worth noting that the loans were backed by Member State guarantees to complement the provisioning available from the EU budget. In fact, the loans are fully secured up to 70% of their value by national guarantees and funds set aside from the EU budget. The maximum average maturity of the loans is 15 years. The financial assistance for 2023 and next year (referred to as MFA+) has been provided on similar terms. The support in the form of highly concessional loans was disbursed to Ukraine in monthly instalments of an average amount of EUR 1.5 billion throughout 2023. The difference is that the Commission was empowered to borrow the necessary amounts from the capital markets under the multiannual financial framework for 2021–2027 (MFF). The funds have been mobilised through the mechanism over and above the ceilings established by the MFF up to the limits of the own resources ceiling – “headroom” (Council Regulation, 2022). The disbursement of the support is dependent on progress in the implementation of reform, in areas such as anti-corruption measures, the rule of law, and judicial independence. The resources under “headroom” can apply only to the financial assistance intended for covering Ukraine’s needs for 2023 and, if necessary, 2024 (Pari, 2022). The interest costs of the loans will be covered by external assigned revenue to the EU budget contributed by the Member States. The repayment of the principal component will not start before 2033 and has a maximum duration of 35 years.

From Figure 5.1, it can be seen that the second biggest item of the financial support to Ukraine is the military assistance, accounting for over 36.2% of the total support provided through the European Peace Facility (EPF). This special instrument outside the EU budget was established in 2021 to strengthen the EU’s ability to act as a global security provider. An off-budget fund is financed directly by yearly contributions from Member States proportionate to the ratio of their GNI. With its initial financial ceiling of €5.692 billion and after the adoption of several Council decisions, the last of which was adopted in June 2023, the financial ceiling of EPF amounts to more than €12 billion in 2027. Up to mid-2023, the EU mobilised EUR 5.6 billion under the EPF to support the delivery of military equipment to the Armed Forces of Ukraine, including lethal equipment and non-lethal supplies. Moreover, in May 2023, the Council adopted an assistance measure worth EUR 1 billion under the EPF to speed up the provision of one million rounds of

ammunition within a year to the Ukrainian Armed Forces. The measure allows the joint procurement of 155-mm calibre artillery rounds and missiles from economic operators established in the EU or Norway (Council, 2023). Together with the previous decision to rapidly deliver ammunition from existing stocks, to date the EU has committed EUR 2 billion to this kind of military equipment. In addition to that, through the bilateral commitments, Member States have earmarked EUR 15.56 billion for Ukrainian defence needs, bringing the total EU military support to Ukraine to approximately EUR 21 billion. This assistance includes not only the delivery of personal protective equipment, first aid kits, fuel, and military lethal equipment for defensive purposes, but also support through multi-purpose measures. This includes support for nuclear safety and mine clearance in Ukraine, restrictive measures imposed against Russia, and aid to ensure full accountability for war crimes and aggression, etc. The EU also has established a Military Assistance Mission (MAM) aimed at enhancing the capability of the Armed Forces of Ukraine to plan and execute military operations effectively. Based on this assistance, MAM has so far trained over 78,100 Ukrainian soldiers.

Member States	15 billion from Member States in the form of grants, loans and guarantees		15 billion	
European Union	33.2 billion in disbursed macro-financial assistance to help Ukraine address urgent needs	2.8 billion in loans and guarantees by the EIB, EBRD and other international financial institutions guaranteed by the EU		69.6 billion
		1.2 billion in bilateral cooperation to increase Ukraine’s resilience and support reforms	114 million for rehabilitating schools	
			237 million for crisis response measures	
		1.1 billion in humanitarian	31 million for civil society	
	28.3 billion of direct and indirect assistance (through IFIs) under the Ukraine Facility	330 million emergency package to support needs of internally displaced population, municipalities, health support, etc.	535 million under Connecting Europe Facility for Solidarity Lanes	
		1.1 billion MFA+ interest rate subsidy	315 million for ongoing projects adjusted to meet urgent needs	
	In total			

Figure 5.2. Financial support for Ukraine's economy, emergency and early recovery

Source: own elaboration.

As shown in Figure 5.1, the third-largest package of the EU financial assistance (accounting for 10.3% of the total) is dedicated to support for Ukrainian refugees within the EU, estimated at close to EUR 17 billion. This support was mobilised following the activation of the Temporary Protection Directive (Council Directive, 2001), which enabled swift and practical assistance to people fleeing the war in Ukraine. In the face of Russian aggression, the EU had to confront the unexpected event of the mass influx of displaced people from Ukraine seeking refuge and safety, introducing temporary protections aimed at easing pressure on national asylum systems and making it possible for displaced people to enjoy harmonised rights across the EU. The harmonised rights under this mechanism include (Luyten, 2022):

- residence permit,
- access to suitable accommodation,
- the possibility to engage in employment or self-employment,
- medical, welfare or other assistance,
- means of subsistence,
- access to education for children (under 18 years),
- temporary protection by legal guardianship for unaccompanied minors,
- unaccompanied minors should also enjoy legal guardianship.

As the Commission reported, at the end of May 2023, more than 4 million non-EU citizens who had fled Ukraine in the wake of Russia's invasion were benefiting from temporary protection in the EU. Furthermore, almost 775,000 school pupils were enrolled in the educational systems of 26 EU countries. In order to address these needs and to make available the necessary financial resources, the Commission took measures by extending the possibilities to utilise the funds under the multiannual financial framework (MFF) and the Next Generation EU (NGEU). Firstly, the Commission unlocked up the money available to Member States under the 2014–2020 Home Affairs funding and prolonged by one year its implementation period. As a result, it released around EUR 420 million of remaining funds from the 2014–2020 MFF to be allocated for additional support. Secondly, the Council adopted the regulation on Cohesion's Action for Refugees in Europe (CARE), amending the 2014–2020 legal framework of ESIF (European Parliament and Council, 2022). The changes introduced exceptional flexibility in the use of EU cohesion policy funds, in particular by affording Member States and regions the possibility to transfer resources between programmes financed by the European Regional Development Fund (ERDF) and European Social Fund (ESF), to increase the financing rate up to 100% and enable additional pre-financing of projects. Thirdly, Member states could also utilise resources made available under Recovery Assistance for Cohesion and the Territories

of Europe (REACT-EU) to address the inflow of refugees. By doing so, the EU mobilised around EUR 7 billion of unspent funds from 2014-2020 for cohesion policy and around EUR 10 billion of funds committed to post-pandemic recovery within the framework of REACT-EU, which is estimated to release nearly EUR 17 billion. Consequently, these measures alleviated pressure on national systems to provide emergency support, healthcare and education to people escaping Russia's war against Ukraine.

The following package, accounting for 1.5% of the total assistance, was involved in creating a platform of cooperation under the EU-Ukraine Solidarity Lanes. The goal of this initiative was to bring European and Ukrainian companies from the agricultural, food, recycling and logistics sectors together quickly in order for them to find pragmatic solutions for exporting various products from Ukraine

The smallest support package depicted in Figure 5.1 covers the value of preventive measures worth more than EUR 1.1 billion that were undertaken to ensure in-kind assistance to Ukrainian communities. The assistance was activated through the EU civil protection mechanism, which aims to respond in a swift, timely, effective, and coordinated manner to natural and manmade disasters. In the case of Russia's full-scale invasion of Ukraine, the aid delivery took the form of material assistance and emergency operations such as medical supplies, shelter items, power generators, vehicles, specialised equipment for public health risks. Under this mechanism, the EU delivered around 91,000 tonnes of material assistance, evacuated over 2,300 Ukrainian patients and transferred them to hospitals across Europe, shipped over 3,360 power generators and 2,000 transformers to Ukraine, and organised a dedicated medical hub in Rzeszów (Poland).

5.3. Assistance for Ukraine – the EU countries' perspective

Many countries have become directly involved in supporting Ukraine by offering various types of assistance. Figure 5.3 presents a comparison of bilateral commitments from European countries to Ukraine, which is divided into four categories: financial aid, military aid, humanitarian aid, and estimated costs of hosting refugees. As observed, Germany stands out as the most significant financial donor in absolute terms, with Denmark and some Baltic states also contributing significant amounts of financial assistance. Military aid is most prominent in Poland, the Netherlands, and several Nordic countries, especially Denmark, Sweden, and Finland, while Germany and France, despite their overall financial strength, contribute proportionally less to the military component. Humanitarian aid, though smaller in scale across all countries, is most notable

in Germany and Poland. The estimates of refugee costs reveal a striking difference between countries: Poland's costs are by far the highest, exceeding EUR 35 billion on the left-hand scale, followed by France at nearly EUR 30 billion. These figures reflect the large number of Ukrainian refugees hosted, particularly in Poland, which became the primary destination after the 2022 Russian invasion.

When the focus shifts from absolute figures to GDP-relative contributions, a different perspective appears. Smaller economies, such as Lithuania, Denmark, and Estonia, stand out as the most dedicated, allocating between 2% and nearly 3% of their GDP to aid for Ukraine. Latvia, Poland, and Slovakia also allocate substantial parts of their economic output. Conversely, Germany and France, although leading in total euro terms, record smaller GDP shares of around 0.5–0.6%, due to the size of their economies reducing the relative impact of their aid.

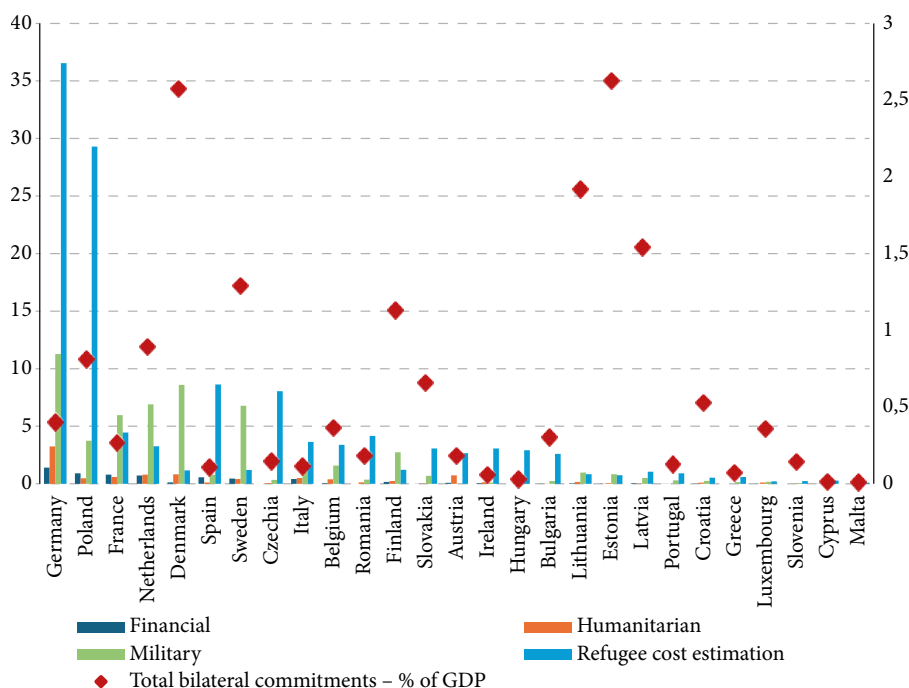


Figure 5.3. Bilateral allocations and refugee costs in EU Member States (billion euro and per cent GDP)

Source: based on (Trebesch et al., 2025).

The results highlight that the nature of support varies significantly across Europe. Some countries, such as Denmark and the Baltic states, concentrate mainly on direct financial and military aid, while others, notably Poland and

France, bear substantial costs through refugee hosting. Large economies dominate in absolute expenditure, but in relative terms, smaller states, particularly in Northern and Eastern Europe, make the most significant sacrifices.

5.4. The characteristics of the bilateral relationship between the EU and Ukraine and the consequences for business development

Following the logic of PESTLE analysis (political, economic, social, technological, legal and environmental analysis), the current features of bilateral relations between the EU and Ukraine can be characterised.

In terms of political alignment with the EU policy, the undeniable fact is that Ukraine's political leadership is firmly oriented toward EU accession, with negotiations formally underway since December 2024. Both sides cooperate closely on institutional reforms, anti-corruption, and governance, with the EU providing direct financial and technical assistance. However, ongoing war-related instability and the need for external security guarantees shape the overall relationship (Cinciripini, 2025).

In terms of the economic aspects of the analysis, the most noteworthy are trade relations, recovery, investment increase and market reforms. The EU is Ukraine's largest trading partner, accounting for 56% of Ukraine's trade in 2023. Bilateral trade reached €61.9 billion, more than doubling since the entry into force of the Deep and Comprehensive Free Trade Area (DCFTA). Temporary measures granting Ukraine duty- and quota-free access to the EU market were extended until June 2025 following recent negotiations to modernise and sustain the trade partnership (European Commission, 2025a).

Economic growth in Ukraine has resumed as supply chains recover and international investments increase, primarily driven by support from EU instruments, including the Ukraine Facility and targeted investment frameworks (e.g., the European Flagship Fund for Reconstruction). Nevertheless, the war's disruptions, persistent security risks, and the phasing out of some exceptional trade preferences pose ongoing challenges (GlobalData, 2024).

Furthermore, Ukraine is addressing state-owned enterprise (SOE) reforms, SOE management, and labour shortages while working to align its fiscal policy and banking with EU standards. However, the country remains at an early stage of readiness to compete fully within the EU's Single Market (SWD, 2024).

Regarding societal aspects, labour and human capital regeneration are crucial for addressing the Ukraine's dramatic population loss. Labour shortages are

growing acutely due to population displacement and the mobilisation of the workforce for defence. The government is implementing strategies to stabilise demographics, reduce informality in the labour market, and integrate refugee professionals via EU mobility and funding programmes (SWD, 2024). EU support remains crucial for maintaining confidence among businesses and the broader population, but delays in aid or policy changes could risk social stability and economic recovery.

Another area of transformation aligned with EU and global trends is digital integration. Ukraine prioritises digital transformation as part of its EU harmonisation efforts. Through active collaboration on digital identity, electronic signatures, and creating tech bridges with the UK and EU, the country is expanding its digital economy and integration with European networks (Vox Ukraine, 2025; ZPP, 2024). EU initiatives target Ukrainian tech start-ups and SMEs, fostering pan-European innovation networks and supporting business continuity in wartime conditions.

A critical step for any candidate country is the adoption of EU law, although this process is long-term and extremely costly. Having secured candidate country status, Ukraine has initiated the EU law harmonisation (“*acquis*”) process. It is aligning its legal system with the EU’s, implementing wide-ranging reforms to company law, competition, public procurement, intellectual property, anti-money laundering, and digital legislation. Justice and the rule of law sit at the heart of the Copenhagen criteria. These have become key conditions that EU policies incorporate, given the recent democratic backsliding in many EU Member States. Key progress includes the “Rule of Law Roadmap”, which encompasses anti-corruption monitoring, digitalisation of court systems, and regulatory improvements. However, criticism persists regarding the slow pace of Supreme Court and judicial reforms, which are necessary for attracting investment and EU membership (Cinciripini, 2025; GlobalData, 2024; SWD, 2024).

Another vital strand for operating in the Single Market is business regulations. Notable improvements are evident in bankruptcy procedures, transparency requirements, and the enforcement of intellectual property rights, although complete alignment is still ongoing. The business environment may be constrained by legacy issues of corruption, low competition, and incomplete deregulation, but commitment to EU best practices remains strong (Vox Ukraine, 2025).

In terms of implementing environmental standards, several developments have emerged in the Ukrainian arena, including sustainability initiatives. Ukraine participates in joint green energy projects with the EU (e.g., Renewables for a Resilient Ukraine project), focusing on rebuilding critical infrastructure with environmental standards. EU policy alignment also accelerates Ukraine’s efforts to decarbonise and adapt to climate change (Cinciripini, 2025; GlobalData, 2024).

When critically assessing the evolution of the business environment, it can be stated that while Ukraine has made strides in transparency, SOE reform, and digitalisation, businesses still face significant hurdles due to administrative capacity gaps, corruption, and limited access to finance. Initiatives via the Ukraine Facility, Enterprise Europe Network, and various business clusters help SMEs, start-ups, and displaced entrepreneurs access funding, build value chains, and integrate more deeply into the EU economy. Nevertheless, while Ukraine is making progress, it remains in the early stages of developing its ability to withstand competitive market forces within the EU. This vulnerability highlights the need for continued reforms in banking, competition policy, and company law.

Conclusions

This analysis focuses on the main features in economics, law, and business, adapted for the current context of Ukraine's EU integration trajectory in the light of the war-economy. There is a notable dichotomy in the processes of the country rebuilding itself and preparing for EU membership. Ukraine is striving to prepare for full integration with the EU by fulfilling the accession criteria and developing negotiations in each of the accession agreement chapters. The chapter sheds some light on the multiple instruments the EU has established or extended in order to help in the recovery and integration processes.

The scale and diversity of the European Union's support for Ukraine after the full-scale Russian aggression in 2022 demonstrate the Union's multifaceted approach to crisis response, recovery, and long-term resilience building. The EU mobilised a broad package of financial instruments, combining macro-financial assistance, humanitarian aid, development cooperation, infrastructure investment, and support to refugees, with total commitments surpassing EUR 84 billion. These measures not only addressed Ukraine's urgent financial and humanitarian needs amid war, but also laid the foundation for the country's economic and institutional recovery. Initiatives such as the Ukraine Facility, bilateral cooperation programmes, and sector-specific interventions (including energy, civil society, and transport connectivity) highlight the strategic, long-term vision of EU assistance.

Equally important has been the unprecedented support for displaced Ukrainians within EU borders, amounting to nearly EUR 17 billion, facilitated by the activation of the Temporary Protection Directive. This mechanism enabled swift, harmonised access to rights and services, easing the humanitarian burden and allowing refugees to integrate more effectively in host countries.

Overall, the EU's response illustrates its evolving role as both a crisis manager and a transformative partner in reconstruction. By integrating emergency support with forward-looking reforms, the EU is not only safeguarding Ukraine's sovereignty and stability but also fostering conditions for its closer integration after the conflict. The resilience of Ukraine's recovery will depend on sustained international commitment, with the EU remaining a central pillar in this collective effort. These will further lead to the creation of opportunities for the Member States and businesses to deepen their economic and business ties.

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