



EU support for Ukraine

The EU's strong support for Ukraine must continue as long as needed. Supporting Ukraine's defence capabilities, both bilaterally and through EU instruments, requires strengthening the EU's defence industrial base and enhancing cooperation.

The Confederation of Finnish Industries (EK) is strongly committed to supporting Ukraine and its accession to the EU, in line with the enlargement process and the conditions for EU membership.

EK strongly supports the EU sanctions policy against Russia. The EU must move in its sanctions decision-making process to qualified majority voting. To enhance the implementation and effectiveness of sanctions, it is necessary to better address their circumvention through third countries by implementing end-user checks in target countries. The EU should further strengthen its cooperation with the G7 and other like-minded countries in this respect. To assure the well-functioning and effective sanctions regime, the Commission must conduct an article-specific impact assessment on the articles affecting European companies. The EU should also establish an SME helpdesk to support due diligence processes and avoid sanctions circumvention.

The role of the business sector in the reconstruction and modernisation of Ukraine is crucial. The cost of future reconstruction is estimated to be almost EUR 500 billion (World Bank). Successful modernisation is a precondition for Ukraine's future integration with the West and EU membership. The acute reconstruction needs of critical infrastructure already cost tens of billions of euros.

EK proposes the following measures to contribute to Ukraine's reconstruction:

- There is an immediate need for short-term reconstruction in Ukraine. The currently established EUR 9.3 billion **Ukraine Investment Framework (UIF)** should focus on these immediate short-term reconstruction needs. The Framework aims to leverage EUR 50 billion in reconstruction investments.
- For long-term reconstruction and its financing, we encourage the Commission to establish a plan without delay, which would be operational already before the next MFF. The European Parliament has also requested the Commission to deliver this kind of plan in its resolution on 17 July 2024.
- This long-term financing should be built on the created Ukraine Facility and UIF, which we propose to be expanded. This expanded UIF should aim to leverage around EUR 150 billion in medium and long-term reconstruction investments.

- The expanded UIF funding scheme for long-term reconstruction needs should be implemented in a similar way as the InvestEU Fund.
- Funding would be channeled through the EIB, EBRD, IFC, Member States' Development Finance Institutions (DFIs), and in cooperation with commercial banks. The expanded UIF would also provide export credit guarantees to EU national Export Credit Agencies (ECAs), investment guarantees to DFIs and make equity investments.
- Around 20 percent of the expanded UIF would consist of grants, which would be used to provide blended finance instruments through the DFIs. At least 20 percent of total financing would be allocated to investment projects that support Ukraine's future EU membership, including green transition and digitalization.
- We also propose the establishment of an **EU Business Consortium Mechanism** to coordinate and promote European projects financed from the expanded UIF. The aim of this mechanism would be to bring together EU-based companies and provide joint European solutions for large-scale reconstruction projects in Ukraine. It is an important tool in enhancing Ukraine's readiness for EU membership that European companies deliver sustainable projects in accordance with European technical requirements and standards.
- The **expanded UIF and the EU Business Consortium Mechanism** would be coordinated by DG NEAR in close cooperation with other relevant DGs such as DG INTPA, DG GROW, and DG TRADE.

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