Unpacking the Price: Who Pays for Ukraine's EU Ambitions?

HIIA Analysis

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INTRODUCTION

European Union leaders held an extraordinary summit on March 6, 2025, during which the ReArm Europe defense investment plan was adopted, and twenty-six EU leaders—with the exception of Hungary—adopted a declaration on Ukraine.¹ The Hungarian prime minister did not sign it and announced after the summit that Hungary would hold a referendum on Ukraine's EU accession.² This is necessary because Ukraine's accession process is moving forward at a rapid pace in contradiction with the EU's own rules, as demonstrated by the fact that

our eastern neighbor was given candidate status just four months after it applied in early 2022.³

The present study examines the possible consequences of Ukraine's accession for the EU and Hungary for this very reason. Several different types of costs will be discussed. Our main findings, based on the available data and estimates, can be summarized as follows:

- The total cost of financing the EU accession, rearmament, and reconstruction of Ukraine, including borrowing costs and debt servicing, for Hungary over the next five-year period could be around €48.1 billion, or 19.2 trillion forints, which is roughly 68 percent of Hungary's annual budget in 2023.⁴
- The Hungarian agricultural sector is expected to lose €1.7 billion, or 672 billion forints, per year in lost Common Agricultural Policy (CAP) funds.
- For the European Union as a whole, the total cost of Ukraine's EU accession could be around €2.447 trillion, roughly 12.7 times the EU budget for 2025.⁵

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The costs of supporting Ukraine after the war in order for the country to become a stable, functioning part of the European Union are not easy to calculate as there is much uncertainty about the numbers. There has nevertheless been a large amount of debate on the topic, which gives us a good sense of the areas where significant spending would be needed. For a few of these areas, like defense, internal security, and current EU funding, we even have reliable estimates.

Our estimations include the following components:

- the cost of the reconstruction of Ukraine;⁶
- the cost of rebuilding the Ukrainian military after the war;
- the cost of maintaining the internal security of Ukraine after the war to ensure political and social stability;
- EU transfers, which are already propping up the Ukrainian government's capacity to borrow and will continue to do so after the war;⁷
- the cost of Ukraine's EU accession from the perspective of, for example, cohesion funds and the CAP;⁸
- each Member State's mandatory allocation of 0.25 percent of GDP, which is currently being pushed in the European Parliament, especially by the European People's Party;⁹
- the initial capital outlays in order to extract minerals as part of the U.S.-Ukraine minerals deal;¹⁰ and
- interest payments on the debt needed to finance this spending.

We assume that these expenses could be incurred over the next few years.

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The cost of Ukraine's reconstruction, which is clearly the largest item, is continuously rising according to the estimates. The World Bank, which gives periodic forecasts of the cost of reconstruction, has published increasingly high figures as time has passed.¹¹ According to our estimates, between 2022 and 2025, the World Bank's projections for reconstruction costs increased by an average of 16 percent each year on a compound annual growth rate (CAGR) basis. This means that by 2030, the total cost of reconstruction could exceed one trillion euros. This number is in line with the one trillion euro estimates of both Werner Hoyer, President of the European Investment Bank¹², and Ukrainian President Zelensky at the beginning of the war.¹³

WORLD BANK ESTIMATES AND PROJECTIONS FOR THE RECONSTRUCTION OF UKRAINE

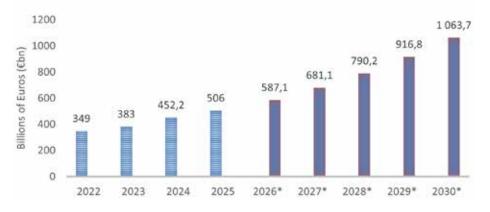


Figure 1. World Bank Estimates and Projections for the Reconstruction of Ukraine. Source: World Bank

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The table below shows the current defense and internal security expenditures of Ukraine, including police and conscription personnel, and EU transfers.¹⁴ According to our calculations, these could cost Hungarian taxpayers around 578,500 forints each.

Costs (Billions of Euros)	2023	2024	2025	2026	2027	2028	2029	2030
Defense	50.3	51.9	53.4	55.0	56.7	58.4	60.1	61.9
Public Order, Security and Justice	14.2	16.0	18.1	20.5	23.1	26.1	29.5	33.3
EU Transfers	10.4	10.7	11.0	11.3	11.6	11.9	12.2	12.5

Table 1. Current Defense and National Security Expenditures of Ukraine and EU Transfers. Source: our own calculations.

The next table shows the implications of the proposal for a 0.25 percent GDP allocation currently under discussion in the European Parliament.¹⁵ The highlighted cells contain our estimates for future (nominal) GDP growth in Europe, which allow us to project these payments to 2030.

	Billions of Euros							
European GDP Allocations	2023	2024	2025	2026	2027	2028	2029	2030
EU GDP	17100	17784	18495	19235	20005	20805	21637	22502
0.25% Allocations	42.8	44.5	46.2	48.1	50.0	52.0	54.1	56.3

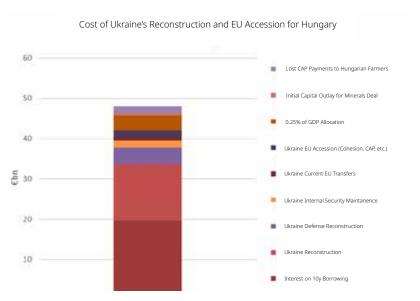
Table 2. EU GDP Allocations in Billions of Euros. Source: European Commission and European Parliament.

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One of the largest costs concerns interest payments on government debt (debt servicing). Since most European countries run budget deficits, we assume that the money that would go toward preparing Ukraine for EU membership would be borrowed. Our findings suggest that a tenyear government bond issued at current interest rates could cost each Hungarian taxpayer around 1.7 million forints. The total amount of EU joint borrowing could reach €535.3 billion if the debt is issued through the standard ten-year government bond. This amount is based on the average EU interest rate and could vary based on local circumstances.

Finally, there is the question of the Common Agricultural Policy (CAP). Studies have shown that since Ukraine has an enormous agricultural sector relative to the rest of Europe,¹⁶ it would absorb so much of the CAP funds after accession that payments to other Member States would fall by 20 percent.¹⁷ In Hungary's case, this implies a loss of approximately 672 billion forints in CAP funds each year, which could mean a 3.2 million forint loss for each farmer.

The total costs for Hungary and the European Union are detailed in the two charts below.



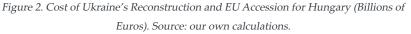




Figure 3. Cost of Ukraine's Reconstruction and EU Accession for the EU (Billions of Euros). Source: our own calculations.

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These costs can be further broken down in different ways. The table below shows how the expenditures for Hungary would be distributed as a percentage of the Hungarian government's budget in 2023, which is the latest data that we have. This helps give an idea of how much each item in the spending program would burden the Hungarian budget.

Expenditures for Hungary as a Share of the 2023 Budget

Ukraine's Reconstruction	19.8%
Ukraine's Defense Reconstruction	5.8%
Maintenance of Ukraine's Internal Security	2.6%
Current EU Transfers to Ukraine	1.2%
Ukraine's EU Accession (Cohesion Fund, CAP, etc.)	2.4%
GDP Allocation of 0.25%	5.2%
Initial Capital Outlay for Minerals Deal	0.9%
Lost CAP Payments to Hungarian Farmers	2.4%
Total	40.2%
Total Including Interest Payments	68.0%

Table 3. Expenditures for Hungary as a Share of Hungary's 2023 Budget.Source: Own calculations based on the 2023 budget.



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It is also worth looking at how much money Hungary would need to spend in forints. This might be useful when comparing each item with the items in the current Hungarian government budget. The table below presents Hungary's expenditures in forints.

Expenditures for Hungary in Forints					
Ukraine's Reconstruction	5,600,000,000,000				
Ukraine's Defense Reconstruction	1,635,299,099,663				
Maintenance of Ukraine's Internal Security	741,408,641,107				
Current EU Transfers to Ukraine	333,014,954,197				
Ukraine's EU Accession (Cohesion Fund, CAP, etc.)	680,400,000,000				
GDP Allocation of 0.25%	1,458,574,726,676				
Initial Capital Outlay for Minerals Deal	257,600,000,000				
Lost CAP Payments to Hungarian Farmers	672,000,000,000				
Interest Accured on 10-Year Borrowing	7,851,025,220,933				
Total	11,378,297,421,643				
Total Including Interest Payments	19,229,322,642,576				

Table 4. Expenditures for Hungary in Forints. Source: our own calculations.

Finally, it is useful to look at each item in terms of how much a Hungarian taxpayer would have to pay to cover the costs. Here we use forint per worker as our measure.

Expenditures for Hungary in Forints per Taxpayer

Ukraine's Reconstruction	1,195,559
Ukraine's Defense Reconstruction	349,124
Maintenance of Ukraine's Internal Security	158,285
Current EU Transfers to Ukraine	71,096
Ukraine's EU Accession (Cohesion Fund, CAP, etc.)	145,260
GDP Allocation of 0.25%	311,395
Initial Capital Outlay for Minerals Deal	54,996
Interest Accured on 10-Year Borrowing	1,676,137
Total	2,285,717
Total Including Interest Payments	3,961,854

Table 5. Expenditures for Hungary in Forints per Taxpayer. Source: our own calculations

PROBLEMS WITH FAST-TRACK MEMBERSHIP

The lack of information regarding several objective factors impedes the process of thinking through questions related to Ukraine's EU accession. At present, we do not know the exact size of the country's territory after the war, the size of its population or the state of its economy. Leaving these aside, assuming that Ukraine would join the EU after signing a ceasefire deal, it is impossible to ignore the processes that will inevitably emerge in Ukraine after the end of the war and pose a threat to the Community as a whole, such as illegal arms and trafficking, organized crime, political and social chaos or the difficulties arising from the relaunch of the economy. The European Union must be prepared to deal with these and similar problems immediately.

If Ukraine is to become a member of the EU in spite of all this, the EU will need to find compelling reasons why Türkiye, an official candidate since 1999, North Macedonia, which has been waiting for twenty years for the same status, and the other Western Balkan and Southern Caucasus countries that have applied to join have not progressed beyond candidate status. How do we explain to them that they cannot join the EU, but Ukraine can? By fast-tracking accession, the EU could create a credibility deficit that would irreparably damage its relationship with candidate countries.

THE EU FACES INTERNAL IMBALANCE

The German SWP think tank's analysis of Ukraine's possible EU accession points to the dilemma that once the war is over, regardless of the exact outcome, the reassertion of Ukraine's sovereignty will be crucial.¹⁸ At the same time, EU membership would immediately make it a full member of a community in which it would have to give up a significant part of its sovereignty in order to integrate successfully.

The last official census in Ukraine was held in 2001, after which only estimates are available.¹⁹ Based on these estimates, the number of Ukrainian citizens still in Ukraine is between 29 and 30 million,²⁰ with

the number of citizens including the those who have fled the country still close to 40 million.²¹ This means Ukraine would become the sixth largest EU Member State in terms of population.

In the European Parliament, seats are allocated to Member States according to the size of their population, and in the Council of the European Union, decisions on major issues are taken by qualified majority voting with Member States weighted according to their population. This suggests that the balance of power within the Council would also change significantly. Ukraine would be the sixth largest state in the EU, holding 8–10 percent of the votes in Council decisions taken by qualified majority. This is approximately equivalent to the voting weight of Poland today. As a result, the share of votes of the other Member States would fall—Germany's would fall from 18.6 percent to around 16.9 percent.²²

The distribution of seats in the EP is based on the principle of "degressive proportionality." In other words, smaller countries have fewer Members of European Parliament than larger countries because the larger countries represent more citizens. Ukraine is expected to fall between Poland (currently 53 MEPs) and Romania (33 MEPs) in terms of seats. This would significantly change the balance of political power within the EP. Also, because the current EP is limited to 751 individuals (750 Members and the President), either the size of the EP would have to be increased or the number of MEPs from other Member States would have to be reduced.²³

We do not currently know how the Ukrainian delegation to the EP would fit into the party structure in Brussels, as there are essentially no real political parties or parliamentarianism in Ukraine at the moment. Ukrainian political forces are not based on traditional continental Christian Democratic or Western classical liberal party structures but rather on oligarchs creating parties for the purpose of promoting their own economic and political interests. It is questionable how such a political culture would fit into the EU party system, especially as many opposition parties are currently banned in Ukraine. In addition, following the end of the war—and the territorial losses it will inevitably involve—irredentist, revisionist parties unable to accept the territorial losses are likely to emerge, and radical right-wing forces could potentially emerge

and disrupt the current political framework and balance of power between Member States. A "Ukrainian right" that is externally globalist and liberal but internally nationalist and chauvinist would be a marked departure from the Patriots for Europe, who come into conflict with the globalist and liberal elite but are internally on the side of stability. Nor are we familiar with the basic principles of Ukraine's EU policy: On pan-European issues such as the expansion of qualified majority voting, migration policy, the taxation question, the green transition, and the question of fiscal austerity or Keynesian economic policy, their positions are completely unknown—they have never had to take a position in a supranational, limited sovereignty environment.

A further problem is the possible rise in anti-Russian sentiment, which could make it impossible to normalize European-Russian relations and, in the long term, lead to a decline in the European economy. Full EU membership for Ukraine means that it would have an equal say in sanctions policy. This could create tensions within the EU that would further hurt the EU's geopolitical interests.

A series of bilateral difficulties also arises in connection to Ukraine's accession to the EU. In addition to the Hungarian-Ukrainian dispute, significant Czech-Ukrainian, Slovak-Ukrainian and especially Polish-Ukrainian and Romanian-Ukrainian bilateral disputes could arise. These range from agricultural disputes over the dumping of genetically modified, cheap Ukrainian grain²⁴ to disputes over matters of political memory, such as Ukraine's role in the Second World War.²⁵ These conflicts are far from irrelevant: They could affect the outcome of elections. Even beyond the issue of "European unity," the EU would therefore be burdened with serious conflicts if Ukraine became a member, especially its eastern members.

Ukraine's accession would strengthen the bloc within the EU that is demanding a tougher stance on Russia. At the same time, the clash between Zelensky and Trump in the Oval Office²⁶ and the events that followed raise the question of what kind of U.S. relations Ukraine would bring into the EU. What is certain is that the influence of the southern states, as well as that of Germany and France—and the axis that exists between them—would be considerably reduced.

ECONOMIC IMPACTS WITHIN THE EU FINANCIAL ARCHITECTURE

According to Bruegel estimates, based on the rules used for the 2021–2027 budget period, Ukraine's accession would cost the EU's seven-year budget between €110 billion and €136 billion, depending on the amount of territory it takes back—in other words, whether the eastern territories occupied by the Russian army are returned.²⁷ The estimated cost of rebuilding Ukraine is €506 billion according to the World Bank, based on figures for December 2024.²⁸

Ukraine's accession could burden the EU from an economic standpoint and would certainly put it behind in its efforts to increase competitiveness. Ukraine's GDP per capita in 2020 was just 29.8 percent of the EU average.²⁹ Ukraine has already made significant progress on its integration into the EU market through bilateral agreements such as the Association Agreement (AA) and the DCFTA³⁰, but from an economic perspective, the country faces serious structural problems that the EU cannot ignore. Ukraine's accession would increase the heterogeneity of the EU not only politically but also economically, which treaty changes alone would not be able to effectively counterbalance.

Ukraine's national debt reached \$162.1 billion in January 2025³¹, approximately 95 percent of the country's GDP.³² The reasons include the substantial external and internal borrowing needed to finance the war, as well as the continuous weakening of the hryvnia, which also increases foreign currency debt. Ukraine's debt to the EU has increased more than eightfold during the war years, and the amount owed to the World Bank increased threefold.³³

Within the EU, the current expectation for Member States is monetary stability, of which a key part is decreasing national debt. Ukraine's current debt would only mean a further increase in the EU's debt as a ratio of GDP, undermining the foundations of monetary cooperation.

SECTOR OF PARTICULAR CONCERN: AGRICULTURE

Despite the war, Ukraine remains a competitive agricultural producer, thanks to its favorable soil and climate conditions, as well as its exportoriented and relatively low-cost economy. Agriculture accounted for 63 percent of Ukraine's exports, meaning that the sector contributed more than \notin 20 billion in annual export revenues to the Ukrainian economy.³⁴

Agricultural spending accounts for around 30 percent of the EU budget and determines whether a Member State becomes a net contributor or beneficiary. If Ukraine were to join the EU, it would significantly rewrite the distribution of agricultural subsidies as one of the Member States with the largest agricultural sector. If the current rules were applied in the enlarged EU, Ukraine would be eligible for an estimated €96.5 billion from the EU's Common Agricultural Policy over seven years³⁵. The redirection of funds could reduce aid to current Member States by around 20 percent.

The EU temporarily fully liberalized trade with Ukraine and opened up the road transport market by abolishing the licensing system. These measures, however, caused tensions within the EU. In 2022, a sharp increase in the export of Ukrainian agricultural products including grains to Bulgaria, Poland, Romania, Slovakia and Hungary triggered protests by farmers and the introduction of bilateral import bans, which led the EU to reintroduce tariffs on certain goods for several months in 2023.³⁶ There is thus a high level of distrust on the part of European farmers towards Ukrainian agricultural products, which the EU would need to address.

FURTHER QUESTIONS ON EU FUNDING

If Ukraine were to join the EU with its currently occupied territories, it would be eligible for around €32 billion from the Cohesion Fund, which finances development projects.³⁷ For the 2021–2027 period, this amount was around €10.7 billion for Poland³⁸ and €4.9 billion for Romania.³⁹

With EU accession, Ukraine would also be part of the NUTS system. Meanwhile, many Polish, Hungarian, Slovakian, Southern Italian, Transylvanian, Greek, Spanish, and other regions could end up above the 75 percent GDP threshold, meaning that they would be deprived of resources, which would cause serious socioeconomic damage. This would severely set back the competitiveness of an already struggling EU. As corruption remains a serious problem in Ukraine, EU funding to the country would also be at serious risk of misuse.

The poor state of Ukraine's extensive rail and road networks, much of which incurred serious damage during the course of the war, is not negligible. International motorways are in many cases unusable, slowing down transport. The current state of the railways needs to be improved, as rail transport is slow due to outdated locomotives and railway lines, which cannot cope with high-speed freight traffic. These factors create further competitiveness problems.

INCREASE IN ILLEGAL IMMIGRATION

According to 2023 data published by the Ukrainian Institute for the Future, the country of more than 40 million people before the war has seen 6.5 million people leave and 3.5 million people become internally displaced refugees.⁴⁰ The actual number of residents is barely 30 million. Estimates suggest that there are 29 million people still living in the country, of whom 17 million, or 58.6 percent, are professionally inactive.⁴¹ Of these, 8 million are pensioners and 4.8 million are children under fifteen.

The reconstruction of the country, however, will require a labor force. According to estimates by the Director of the Ukrainian Institute of Demography and Sociology, Ukraine plans to invite up to 300,000 guest workers per year after the end of the war.⁴² The workers are likely to come from poorer countries in Africa and Southeast Asia, and we can also expect a greater influx of labor from Central Asia. This could generate a huge wave of migrants, and it is questionable to what extent

the former EU-Ukraine border, with its looser controls, would be able to keep this labor force in Ukraine if it joined the EU.

At the same time, if those who have fled the war return home after a peace deal is reached—although their return becomes increasingly unlikely the longer they live in another country—labor shortages could develop in the labor markets where Ukrainians are currently present in large numbers, meaning that the EU labor market could also be hit.

Regardless of the fact that the exact geographical borders of Ukraine are currently unknown, the country's EU accession would significantly increase the length of the EU's external borders. This means that the EU would have to reorganize its border management, which is already inefficient, considering that it is unable to stop illegal migration. With Ukraine's accession, even more people could try to cross the new EU external borders from Central Asia, as well as Afghanistan.

Ukraine is now the most armed society in Europe.⁴³ At present, the European Union has no precise data on these weapons. Arms smuggling and the clandestine possession of weapons pose additional serious security risks to the EU. One might recall the EU's long-standing issue with the illegal proliferation of arms after the Yugoslav Wars of the 1990s, even though none of the states involved became members of the EU immediately after the fighting ended.

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in Transcarpathia have yet to be restored. For example, the largest advocacy organization of the Transcarpathian Hungarians has no seat in the Council of Social Organizations of National Minorities in Ukraine established in May last year, and the council therefore cannot accurately represent minority communities. These regulations are clearly intended to reinforce the process nation-building in Ukraine and adversely affect minority communities living in the country.

The EU accession criteria—the Copenhagen criteria—include the respect for and protection of minority rights.⁴⁴ Before joining the EU, Hungary did a lot to ensure long-term minority status for the Hungarian national minorities living in the neighboring Central European countries applying for EU membership. This issue is also on the agenda when it comes to Ukraine now—the Hungarian side is calling for the restoration of the pre-2015 minority legislation in Ukraine, but the Ukrainian side is not complying. The ideal situation for Hungary would be the restoration of the pre-2015 legislation in such a way that it could not be overturned by a future Ukrainian government after the country's accession to the EU. If Ukraine were to be admitted to the EU under a fast-track procedure without these issues being resolved, the EU's main goals and values would be undermined. This would strain the EU's credibility and confidence from within and set a bad precedent for future members like the Western Balkan countries with similar problems.

THE VIOLATION OF MINORITY COMMUNITIES' RIGHTS WOULD WEAKEN THE EU FROM WITHIN

Although almost none of the studies discussing Ukraine's accession to the EU address the issue of minority communities, it is a significant issue for Hungary given the Hungarian community in Transcarpathia. National minorities in Ukraine face restrictions on their language rights and education. Although the planned further restrictions in the field of education were ultimately not introduced, the situation of minority communities is still extremely precarious and far from the situation in 2015. Ukraine promised Hungary that it would address its elevenpoint list of problems, but the full rights of the Hungarian minority

THE EU COULD BECOME A BELLIGERENT PARTY

With Ukraine's accession to the EU, the security situation in the EU would also change, and new coordination mechanisms would be needed. At the same time, it is clear that the EU as it stands cannot provide adequate security guarantees for Ukraine, and this issue must be addressed through bilateral agreements or other formats.

After the end of the war, Ukraine also faces serious security risks due to the unresolved issue of accommodating and rehabilitating demobilized soldiers and the large number of weapons in the country. The enormous social frustration, internal tensions and political instability expected in Ukraine would lead to instability within the EU too.

Ukraine's accession to the EU is also extremely risky for the European Union from a military-security point of view. Article 42(7) of the Treaty on European Union is the EU's mutual assistance clause similar to NATO's famous Article 5.⁴⁵ If an attacked country activates the clause, other members must rush to its aid. It is important to understand that the clause is not activated by the Council but by the attacked country, so no consensus is needed. This means that if Ukraine were a member of the EU, it could activate the article, which—at least from a legal standpoint—would automatically make all Member States belligerent parties. The clause also contains no instructions on implementation, so disputes among Member States on how to interpret it would in and of themselves cause divisions. From Russia's point of view, this legalese would not matter, and it could choose to see the entire EU as belligerent.

If this were to happen, the matter would be immediately brought to NATO, because there would surely be an eastern ally who would take it to the North Atlantic Council (NAC), even without any concrete combat action. In both organizations, of course, it is possible to say no to a specific request for assistance, but since this would inevitably be done in public, it would seriously undermine the credibility of the organizations.

In the very likely event that the war ends in a ceasefire rather than a permanent peace settlement—in other words, Ukraine recognizes its territorial losses de facto but not de jure—Ukraine's membership would necessarily shift the EU's focus towards common defense. This would increase the pressure to move voting not only in the area of Common Security and Defence Policy but also the CFSP from the current intergovernmental basis to a Community basis, using qualified majority voting instead of consensus-based decision making. This would be contrary to the Hungarian government's sovereignty policy and would strengthen the federalists in Brussels.

EU membership would also allow Ukraine to benefit from the increasing amount of funds designated for the defense industry under the EU's Defence Industrial Strategy (EDIS) and Programme (EDIP). This would be only €1.5 billion between 2025 and 2027 but is expected to be many times that amount in the next MFF—potentially even €50–100 billion.

As they have recent war and military development experience, they could probably win significant sums of money at the expense of others like Hungary. As an EU member, Ukraine could also easily overwhelm the rest of the European defense industry by breaking down barriers in certain sectors. One such sector is small drones, in which Ukraine now has vast low-cost production capacity.

CONCLUSION

Most of the impacts listed here are based on estimates because it is still unknown exactly when Ukraine would be able to join the EU and its exact territory, population and borders at the time of accession. It is also difficult to predict what internal changes the EU would undergo in the meantime. The lack of information on these factors currently makes it difficult to accurately assess the impact of Ukraine's possible accession on the EU.

However, our estimates show that the accelerated accession of Ukraine to the EU would place enormous economic strain on the EU's current structure, which Member States would not be able to sustainably finance in the long term even with additional borrowing. Alongside the many financial and economic problems, Ukraine's accelerated accession to the EU also raises legal and political concerns ranging from minority rights to illegal migration and the reorganization of the internal labor market.

In addition, the EU is unprepared to deal with many issues in Ukraine, such as the reintegration of soldiers in combat and supporting traumatized families and communities but also tackling the illegal arms trade and dealing with potential revisionist efforts following the delineation of borders that are unacceptable to Ukraine in the long term.

With Ukraine's accelerated accession, these problems will become internal EU problems, not to mention the political and geopolitical realities that will face Ukraine and thus the EU too following the war. Integration that is in contradiction with the EU's own rules and ambitions is unviable in the short term and could be fatal to the EU as a whole in the long term.

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