

Press Release
20 March 2023
Brussels

Debate Summary: Ukraine's Accession to the EU Single Market Program: Looking into SME Landscape and the Needs of Entrepreneurs in Ukraine

On March 14th, 2023, SME Europe, in partnership with the Union of Employers and Entrepreneurs and the European Enterprise Alliance, hosted a Working Lunch Debate titled "Ukraine's Accession to the EU Single Market Program: Looking into SME Landscape and the Needs of Entrepreneurs in Ukraine" at the European Parliament, Strasbourg, France.

The discussion aimed to highlight the challenges faced by Ukrainian small and medium-sized enterprises (SMEs) and the opportunities that arise from Ukraine's accession to the EU Single Market program.

The panel, moderated by **Dr. Horst HEITZ**, Executive Director of SME Europe, was represented by **Svetlana MYKHAILOVSKA**, Deputy Director of EBA – European Business Association; **Nataliya KOZAK**, Chief Strategy Officer of Impact Force; and **Marcin NOWACKI**, President of European Enterprise Alliance, EESC Rapporteur to the opinion on the EU-Ukraine solidarity lanes. The lunch was hosted by **Ivan STEFANEC MEP**. The debate was joined by **Abir AL-SAHLANI MEP**; **Maria GRAPINI MEP**; **Henna VIRKKUNEN MEP**, **Jörgen WARBORN MEP** and **Riho TERRAS MEP**.

Svetlana MYKHAILOVSKA, who represents EBA, emphasized the importance of creating established mechanisms that enable Ukrainian businesses who relocated to the EU to maintain their connections with Ukraine as taxpayers. She also stated that there is a pressing need for similar mechanisms for European companies that are still operating in Russia. Providing assurances and financial incentives could encourage EU businesses to leave the Russian market. She also mentioned the ongoing initiatives of EBA, such as the Investment Map of Ukraine, which aims to promote information and support EU

businesses interested in participating in reconstruction projects in Ukraine.

Nataliya KOZAK, who represents Impact Force, highlighted the significance of prioritizing sustainability for Ukraine's war-time survival and revival. She referred to the overall pessimistic business sentiment in the country, which scored 30 out of 100, owing to the inability to increase turnovers and create jobs driven by the purchasing power of Ukrainian customers, as well as the challenges in accessing short-term capital. Despite this, a notable percentage of Ukrainian businesses have managed to maintain or even increase their levels of turnover from 2021. Looking ahead, Ukrainian entrepreneurs are optimistic about 2023, with 45% expecting growth and 25% anticipating the same level of turnover as in 2022. The business sector in Ukraine has requested interventions such as the elimination of corruption, improved access to cheaper loans, and tax reform from the Ukrainian government. KOZAK emphasized the importance of Ukrainian entrepreneurs participating in programs in EU markets and collaborating at the SME level. Additionally, there is a crucial need for collaboration at the policy level to inspire Ukrainian regulators to create a supportive environment for entrepreneurship in Ukraine, based on the effective best practices from EU markets.

Marcin NOWACKI, President of European Enterprise Alliance, the EESC Rapporteur on EU-UA solidarity lanes, emphasized the significance of extending the EU Single Market access for Ukraine and providing UA businesses with training on EU certification and standardization, along with co-financing the certification process. These measures are vital for allowing more Ukrainian exporters to enter the EU Single Market. Mr. NOWACKI identified logistics as the main bottleneck in mutual exports, especially as Europe has become the largest trader of Ukrainian grain. Therefore, EU railway terminals require investment, and there is a need for mechanisms that offer EU-wide insurance and guarantees on road transport and loads for EU traders who are operating in Ukraine. Additionally, Mr. NOWACKI highlighted the important role that Poland plays in the internationalization of Ukrainian businesses.

The lunch debate highlighted the urgent need for interventions to help Ukrainian SMEs thrive, such as offering training on EU certification, improving access to short-term capital, eliminating corruption, and implementing tax reform. It also underscored the need for cooperation between Ukrainian entrepreneurs and EU markets, both at the SME and policy levels.

This press release has been co-authored by SME Europe, a leading organization dedicated to promoting the interests of small and medium-sized enterprises in the European Union.