

Press Release

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

On Tuesday, 8 November 2022, SME Connect in partnership with the Union of Entrepreneurs and Employers (ZPP) and European Enterprise Alliance (EEA) held a discussion on Ukraine's Accession to the EU Single Market Program: Looking into SME Landscape and the Needs of Entrepreneurs in Ukraine. The debate took place in virtually, was hosted by Ivan Stefanec MEP and Co-hosted by Lukas Mandl MEP was joined by Marcin Nowacki, President of the European Enterprise Alliance (EEA) ; EESC Rapporteur to the opinion on the EU-Ukraine solidarity lanes; Valerii Prokopets, Deputy Director – Head of Division, Department of Regulatory Policy and Entrepreneurship, The Ministry of Economy of Ukraine; Anna Derevyanko, Executive Director of the European Business Association (EBA); Kateryna Glazkova, Executive Director Center of the Union of Ukrainian Entrepreneurs (SUP); Olena Ayrault, Unlimit Ukraine programme coordinator with the European Business Association (EBA); Nazar Bobitski, Union of Entrepreneurs and Employers Kyiv Office; Nina Levchuk, Co-founder of Impact Force and United for Ukraine; moderated by DR. Horst Heitz, Chair of the Steering Committee of SME Connect.

During his welcoming speech, **Ivan Stefanec MEP** emphasized the significance of European solidarity towards Ukraine and the importance of taking practical steps. He stressed that Ukraine's successful integration into the EU would only be possible through the cooperation of all EU member states, and that European unity was crucial in achieving this goal. Mr. Stefanec highlighted that Ukraine faced many challenges, including economic difficulties and political instability, and that the EU must work together to mitigate these challenges. He also underlined the importance of addressing common challenges faced by all EU nations, such as the lack of access to finance, excessive bureaucracy, and the need for a skilled workforce. Mr. Stefanec pointed out that these challenges could be resolved more effectively through cooperation and working together. He also emphasized the numerous initiatives that are available to Ukraine through accession to the EU Single Market Programme, including the "Ready for EU" fund, which

provides financial assistance to businesses preparing for EU membership, and the "Erasmus for Young Entrepreneurs" program, which supports young entrepreneurs in gaining work experience in other EU countries. The EU-UA matchmaking platform for businesses was also highlighted as an important initiative that enables companies from Ukraine and the EU to connect and do business together. Mr. Stefanec concluded his speech by reiterating the importance of European solidarity towards Ukraine and the need for the EU to take concrete steps towards this goal.

In his speech, **Lukas Mandl MEP** expressed his support for the European Commission's efforts to formulate a concrete reconstruction plan for Ukraine, starting immediately. He acknowledged that Ukraine had faced many challenges, including economic difficulties and political instability, and that the EU must work together to mitigate these challenges. Mr. Mandl stressed the importance of having like-minded partners in these challenging times and how solidarity can reinforce the European Single Market and the entire continent. He emphasized that the EU must not just be a consumer but a producer continent as well, and that Ukraine had great potential in this regard. Ukraine's strategic location, large population, and skilled workforce were some of the factors that made it a promising partner for the EU. Mr. Mandl highlighted that Ukraine had already made progress towards reforming its economy and institutions, and that the EU must support this progress through technical assistance and funding. He also emphasized that the EU must work with Ukraine to build its capacity for innovation and entrepreneurship, which would create more opportunities for both Ukrainian and EU businesses. Mr. Mandl concluded his speech by calling for greater EU engagement with Ukraine and the need for concrete steps towards realizing this partnership.

"Regardless of their size of the companies in Ukraine, it is important to note their flexibility because the way they approach to single market make the process better" — Marcin Nowacki, President of the European Enterprise Alliance (EEA); Member of the EESC Employers' Group

Marcin Nowacki, President of the European Enterprise Alliance (EEA), and a member of the EESC Employers' Group, provided a comprehensive overview of the current state of affairs regarding Ukraine's integration into the EU Single Market. He highlighted various business sectors, emphasizing the critical areas that still require conformity with EU standards. Mr. Nowacki's in-depth analysis of the current situation provided valuable insights into the challenges facing SMEs in Ukraine, which can benefit from EU accession negotiations starting this year. Mr. Nowacki also emphasized the importance of local EU partners providing quality references to Ukrainian SMEs they are partnering with for specific agencies assisting with certification. His appeal to start the EU accession negotiations between EU and Ukraine this year to secure a steady pace of integration advancement that would benefit SMEs on both sides is a significant step in the right direction.

Valerii Prokopets, Deputy Director - Head of Division, Department of Regulatory Policy and

Entrepreneurship with the Ministry of Economy of Ukraine, provided an optimistic perspective on the initiatives and programmes available to Ukraine, such as "Business Bridge." This initiative, with a budget of 4.5 million EUR, is designed to support Ukrainian SMEs with access to services and trade fairs in the EU. Mr. Prokopets noted that "Business Bridge" would not only benefit Ukrainian businesses but also EU businesses affected by the loss of Russian or Belarussian markets. By connecting with new suppliers and customers from Ukraine, EU businesses can diversify their supply chains and expand their market reach.

Anna Derevyanko, of the European Business Association (EBA), provided valuable insights into the business sentiment survey conducted by the EBA. Despite the overall positive dynamics, business in Ukraine remains difficult to sustain and develop. Ms. Derevyanko emphasized the need to increase the amount of grants and loans that are part of the EU support, develop mechanisms of political risks insurance for potential investors, as well as export promotion mechanisms to boost mutual exports. Her recommendations can help address some of the key challenges facing Ukrainian SMEs and promote sustainable growth in the country's business sector. Overall, the contributions made by these speakers provide a well-rounded perspective on the current state of affairs regarding Ukraine's integration into the EU Single Market and the steps required to achieve sustained growth and development.

"Export is another challenge that the war has brought, especially the transportation of the products affects huge amount of logistics, and SMEs might not overcome these challenges by themselves, we have to be aware of the situation and provide support" — Kateryna Glazkova, Executive Director Center of the Union of Ukrainian Entrepreneurs (SUP)

Kateryna Glazkova, representative from the Union of Ukrainian Entrepreneurs (SUP), rightly emphasized the importance of providing high-quality access to information for Ukrainian entrepreneurs. Access to accurate and reliable information is critical to the success of financial assistance provided by EU programmes and grants. However, Ukrainian SMEs often face challenges in accessing relevant information, which affects their ability to enter the EU Single Market successfully. Ms. Glazkova highlighted the need for consulting assistance, step-by-step instructions on how to enter the EU Single Market, and promotion platforms for Ukrainian goods. By providing such assistance, Ukrainian SMEs can improve their chances of successfully entering the EU market and expanding their reach. Ms. Glazkova's statement about the key markets for Ukrainian businesses, which include Poland, Romania, Hungary, Germany, and the Netherlands, is a crucial point that needs further attention. Ukrainian SMEs need to focus on developing relationships with these key markets to maximize their potential for success. By building strong partnerships with EU businesses and expanding their market reach, Ukrainian SMEs can grow sustainably and contribute to the overall economic development of Ukraine. Therefore, the EU must prioritize supporting Ukrainian SMEs in accessing these key markets, which will benefit both sides.

Olena Ayrault, the Unlimit Ukraine programme coordinator with EBA, also emphasized the need for increased attention to educational programmes that assist entrepreneurs seeking to enter the EU market. SMEs often face challenges in navigating the complex regulations and processes required to

enter the EU market. Therefore, educational programmes such as the "Erasmus for Young Entrepreneurs" programme can play a significant role in addressing the needs of Ukrainian SMEs. This programme facilitates exchanges between new or aspiring entrepreneurs and experienced entrepreneurs in other EU countries, allowing them to learn from each other and gain valuable insights into the EU market. By promoting such programmes, the EU can support the development of a skilled and informed workforce in Ukraine and help Ukrainian SMEs to succeed in the EU market.

Nazar Bobitski have reflected wonderful remarks on the importance of addressing deficiencies in understanding and implementing EU technical standards resonated deeply with the audience. He explained that the technical regulations of the EU Single Market are rigorous and require a certain level of expertise to navigate. Bobitski pointed out that it is essential to ensure that Ukrainian SMEs have access to the necessary knowledge and expertise to comply with these regulations. In addition, he stressed the importance of institutional reforms in product safety, consumer protection, and market surveillance, which would help Ukrainian businesses operate effectively and safely within the EU market. Furthermore, Mr Bobitski highlighted the importance of promoting an EU-aligned regulatory climate in sectors that can benefit from EU investment. By adopting EU standards, Ukrainian SMEs would become more competitive, which would ultimately contribute to the growth of the Ukrainian economy. Mr Bobitski emphasized that Ukrainian SMEs should aim to exceed EU standards, as this would enhance their competitiveness in the European market.

Nina Levchuk is to call for the continued focus on social and sustainable economy goals was met with enthusiasm by the audience. She acknowledged that the ongoing conflict in Ukraine had made it challenging to pursue such goals. However, Levchuk urged the importance of educating and encouraging Ukrainian SMEs to adopt sustainable processes during reconstruction. By doing so, SMEs can foster investment and facilitate Ukraine's green transition. Ms Levchuk also highlighted the opportunities for Ukraine to align its sustainable development goals with the EU's Green Deal. The Green Deal aims to make the EU a climate-neutral continent by 2050, which will require significant investment in sustainable industries and infrastructure. Ukraine can position itself as a partner in this transition by adopting similar goals and working with EU partners to achieve them. Furthermore, by aligning its sustainable development goals with the EU, Ukraine can strengthen its position as a reliable trading partner and attract more foreign investment.