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INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING

UKRAINIAN PATH TO EUROPEAN UNION. THE POLISH EXPERIENCE

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REPORT

UKRAINIAN PATH TO THE EUROPEAN UNION. POLISH EXPERIENCE

CONSTRUCTION SECTOR

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Table of contents

Introduction

A full-scale Russian invasion in February 2022 accelerated Ukraine's efforts to join the European Union. The Association Agreement, which came into force in 2014, except for the Deep and Comprehensive Free Trade Area (DCFTA) enacted in 2016, formed the basis of Ukraine's preparations to join the EU. In June 2022, Ukraine was granted candidate status. In December 2023, EU leaders decided to start accession negotiations. Given Ukraine's intention to join the European Union, we would like to consider the experience of Poland and Polish entrepreneurs in practically implementing this membership. European Union regulations for new members are both a challenge and an opportunity. We believe that Poland's experience will be of great value to Ukraine due to the two countries' historical, social, and cultural proximity. The potential of the Polish economy, the Polish experience from the economic transition, and the construction of modern communications, energy, and logistics infrastructure are undoubtedly additional assets, also in the context of support for the implementation of EU regulations in Ukraine. Another issue is assessing Ukraine's ongoing economic integration with the Polish and EU market and the expected post-accession effects for both countries. Opportunities and challenges for cooperation and competition will be discussed, preparing partners for much closer economic ties soon.

This report was prepared as part of the project "Ukrainian Path to European Union. Polish experience.", carried out jointly by the Warsaw Enterprise Institute (Poland) and the Institute for Economic Research and Policy Consulting (Ukraine).

A key element of the project is expert seminars and sectoral reports. We want to focus on sensitive sectors of the economy that, on the one hand, may pose significant challenges as potential areas of competition and disputes between Polish and Ukrainian entrepreneurs, and, on the other hand, discuss those areas that can become a place of cooperation and mutual complementarity between the economies:

- energy;
- food and agriculture;
- road transportation;
- pharmacy;
- construction and building materials;
- timber and furniture industry.

Each sectoral report consists of two parts. The first deals with the Polish perspective on a respective sector of the economy, the impact of European regulations on transforming the sector, and recommendations for the Ukrainian side. The second part deals with the current state of the sector in Ukraine, the challenges posed by European integration, and prospects for cooperation between companies from both countries.

We strongly believe that our reports and the project as a whole will be an important voice in the discourse on Ukrainian integration into the European Union, provide the right knowledge, and help overcome mutual conflicts and misunderstandings. We want to convince everyone that entrepreneurs of both countries can and should work together to build the economic strength of our countries based on economic freedom and liberty.

Executive summary

This report examines the challenges and opportunities in aligning Ukraine's construction sector with European Union (EU) standards, leveraging insights from Poland's successful EU integration experience. The analysis highlights the transformative impact of EU regulations, the prospects for Polish-Ukrainian cooperation, and the critical steps for Ukraine to modernize its construction industry to meet EU requirements.

Poland's experience demonstrates how EU accession catalyzed the modernization of its construction sector through regulatory alignment, access to EU funds, and market liberalization. While this transformation posed challenges, including heightened competition and increased compliance costs, it ultimately fostered industry growth and improved standards. These experiences provide valuable lessons for Ukraine, particularly regarding effectively utilizing EU structural funds for infrastructure development.

Ukraine's construction sector, significantly weakened by the on-going war, faces considerable challanges. Infrastructure losses, workforce shortages, and reduced capacity have hindered its growth. Reconstruction efforts are underway, but challenges remain, including regulatory alignment, improved energy efficiency, and the integration of sustainability practices. Adopting EU directives like those under the European Green Deal requires significant legal, technical, and financial efforts. Harmonizing national and EU standards and establishing mechanisms for emissions monitoring are urgent priorities. Additionally, fostering transparency and reducing corruption in public procurement is critical for building trust and enabling partnerships with EU companies.

Despite these challenges, significant opportunities exist for cooperation between Polish and Ukrainian companies, especially in Ukraine's post-war reconstruction. Polish expertise in EU standards and sustainable practices positions its firms as valuable partners. Joint ventures and cross-border collaborations can help address workforce shortages, enhance competitiveness, and attract foreign investments, benefiting both economies.

The report recommends that Ukraine accelerate the harmonization of its regulations with EU standards, particularly in energy efficiency and sustainability. Establishing robust systems for emissions monitoring and green certifications will attract EU funds and private investments. Reforming vocational education to meet EU standards is essential for developing a skilled workforce. Strengthening anti-corruption measures and reforming public procurement processes will ensure efficient and fair resource allocation. Finally, fostering joint ventures with Polish and other EU companies can enable the sharing of expertise and access to broader markets.

In conclusion, aligning Ukraine's construction sector with EU standards is both a challenge and an opportunity. By drawing on Poland's successful integration experience, Ukraine can develop a competitive and robust construction industry. Collaborative efforts between Polish and Ukrainian companies will be pivotal in post-war rebuilding Ukraine, strengthening economic ties, and facilitating Ukraine's integration into the European market.

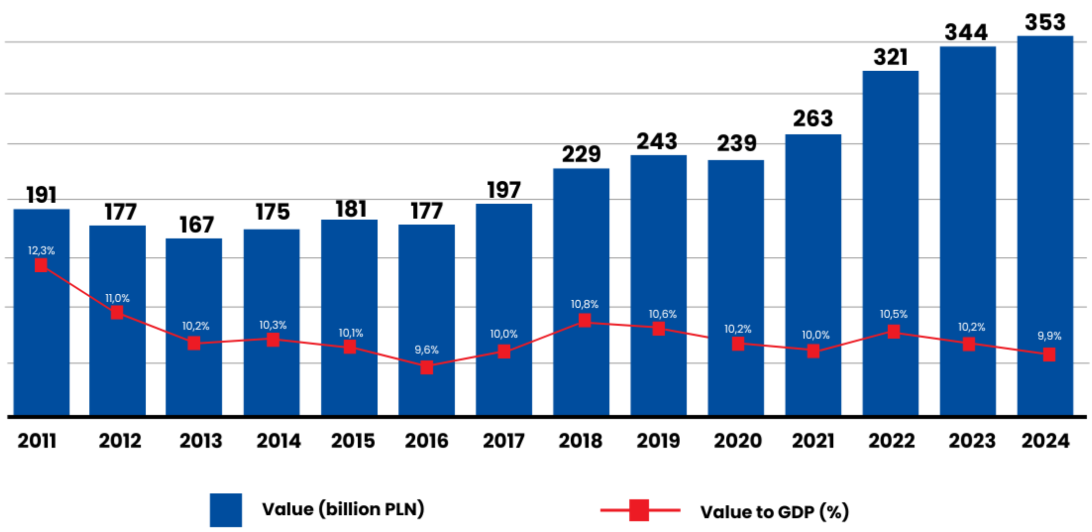
1. Characteristics of the Polish construction sector

The Polish construction market, like in other countries, plays a crucial role in economic development. It directly impacts infrastructure development, urbanization, the growth potential of businesses across various sectors, and meeting Poles' housing needs. According to the report "Construction Market in Poland 2024–2031"[1] its value is growing at an impressive rate. In 2020, it amounted to PLN 239 billion, reaching PLN 344 billion in 2023, and is estimated to hit PLN 353 billion in 2024. Within just three years, between 2020 and 2023, the market grew by 44%! Moreover, forecasts indicate that after a weaker 2024, the market will continue to grow, exceeding PLN 400 billion by 2026. However, it should be noted that the same report highlights that this growth is primarily driven by rising construction material prices and labor costs. In practice, the market remains in a state of prolonged stabilization.

Indeed, the increase in construction material prices was highly noticeable until recently. Between spring 2021 and 2022, a 29% rise was observed. However, by December 2023, a year-on-year comparison showed a 2.6% decrease. Currently, the market is experiencing some stabilization[2].

1 Spectis, The Construction Market in Poland 2024-2031, 2024 r., https://spectis.pl/rynek-budowlany-w-polsce.
2 https://ocieplamyzycie.pl/budowa/ceny-materialow-budowlanych-w-2024-roku-prognozy-i-trendy-rynkowe.

Chart 1. Construction market in Poland



Note: 2023 - estimate, 2024 - forecast
Source: Spectis, report "Construction market in Poland 2024-2031"

Additional data worth noting concerns the dynamics of construction-assembly production. According to the latest statistics from the Central Statistical Office (GUS) as of November 2024, a year-on-year decrease was observed across all construction sectors. Construction-assembly production (in constant prices) carried out in November 2024 by construction companies with more than nine employees was 9.3% lower compared to the same period in 2023[3].

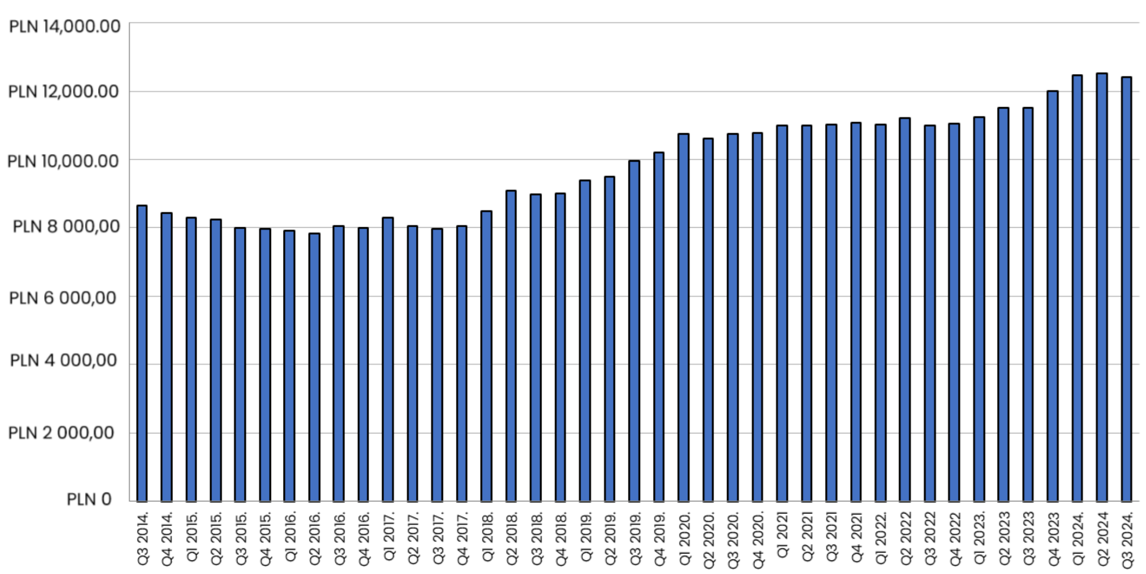
GUS also provides data on construction-assembly production prices. In November 2022, the index increased year-on-year by 14.7%[4]. In November 2023, it rose by 8%[5] compared to November 2022, and in November 2024, it grew by 4.3% compared to November 2023[6].

It is also worth examining real estate prices in Poland, which have shown stable growth over the years. While recent months have seen some stabilization or even a slight decline in prices, this does not affect the overall market picture. Ten years ago, in Q3 2014, the price per square meter of an apartment in Warsaw was PLN 8,648. Four years ago, in Q3 2020, it was PLN 10,762, and currently, in Q3 2024, the price stands at PLN 12,407. However, it should be noted that compared to Q2 2024, the price decreased from PLN 12,517.

At the same time, it should be pointed out that Poland is one of the European leaders in housing construction. Deloitte[7] indicates that in 2023, nearly 190,000 apartments were started, and 220,000 units were completed. This means that our country ranks 3rd in Europe in terms of housing construction intensity (among 24 surveyed countries). The report also states that there are currently

3 https://stat.gov.pl/obszary-tematyczne/przemysl-budownictwo-srodki-trwale/budownictwo/dynamika-produkcji-budowlano-montazowej-w-listopadzie-2024-roku,14,72.html.
4 https://stat.gov.pl.
5 https://stat.gov.pl.
6 https://stat.gov.pl.
7 Deloitte, Property Index, Overview of European Residential Markets, 2024 r, https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/real-estate/property-index-2024.pdf

Chart 2. Average transaction prices of apartments in Warsaw (over 8 sqm)



Source: Bankier.pl

15.8 million apartments in Poland, making us one of the largest markets on the continent. However, in terms of the number of apartments per 1,000 inhabitants, with a result of 420, we fall below the European average of 457. This means that, on the one hand, we have a lot of catching up to do, but at the same time, we have significant development prospects.

One of the biggest challenges for the construction industry in the coming years is the lack of workers. Poland is one of the fastest-aging countries in the world. The fertility rate in our country is only 1.16[8], while a rate of at least 2.1 is required to ensure generational replacement. Migrants from Ukraine still play a significant role in Polish construction companies; according to research by the Polish Economic Institute, as many as 24% of them work in this sector[9]. However, the number of Ukrainian workers in the Polish economy has been declining in recent times. Currently, there are only about 650,000 of them[10]. Therefore, this labor resource will also shrink over time. This means that there will be a need to open up to migration from other directions, which may prove difficult due to the current migration strategy of the government, outlined in the document "Regain Control. Ensure Security" – the migration strategy for 2025-2030[11]. The strategy points to significant restrictions on foreigners' access to the Polish labor market. Concerns are also raised by the planned limitation of foreigners' ability to work based on civil law contracts, as expressed in the draft Act on the conditions for employing foreigners in the Republic of Poland (number in RCL: UC46). However, according to recent announcements, the government plans to withdraw the controversial proposal, which would have drastically impacted business operating costs.

Nevertheless, as Konrad Wyrwas from the National Association of Construction Employers points out, the situation in the market is good and stable. The value of the Polish sector will grow in the near future, and companies themselves have the opportunity to expand into Ukraine and participate in the country's reconstruction and modernization project[12].

The above data demonstrates the strong position of the Polish construction industry, despite slightly worse indicators in recent months. It should also be noted that in the short term, Polish companies will face a huge challenge related to the use of funds from the National Recovery Plan. Poland gained access to EU funds with a delay, and these funds must, in principle, be spent by the end of 2026. In 2024, our country received 67 billion zł, and in total, we could receive as much as 250 billion zł (nearly 60 billion euros). Many of these funds will be directed towards the construction industry due to infrastructure investments, which means that demand for services in the domestic market may occasionally be significantly higher than the capabilities of our country. This also means that, although Polish companies express a willingness and readiness to expand into Ukraine and wish to participate in the reconstruction and modernization project, there is also considerable demand for their services within Poland.

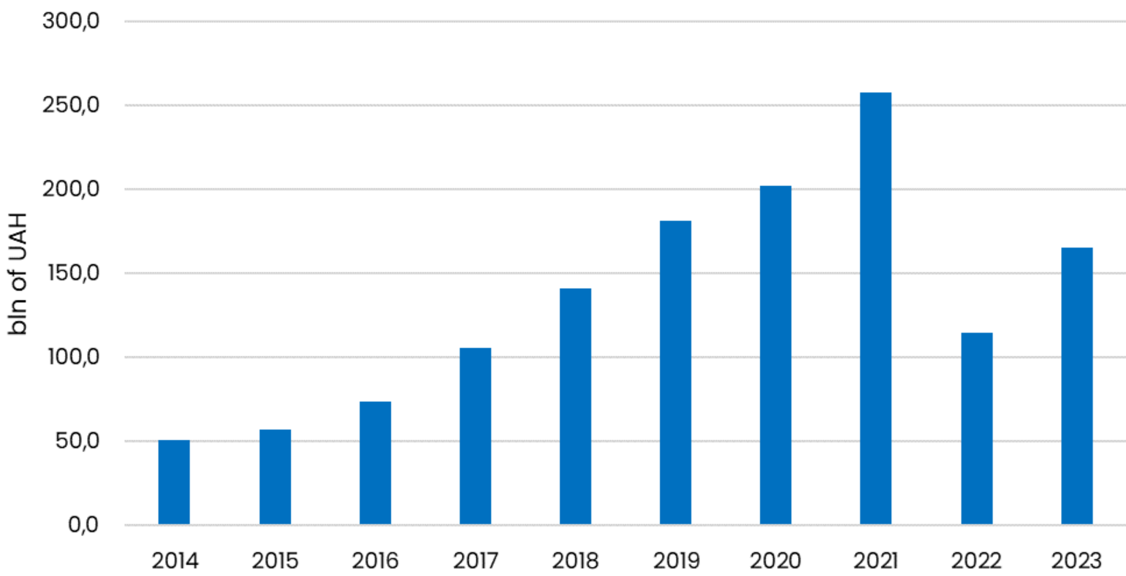
8 https://stat.gov.pl.
9 Polish Economic Institute, PIE Economic Weekly, November 7, 2024
10 https://businessinsider.com.pl/gospodarka/exodus-ukrainskich-pracownikow-wyjechali-z-polski-i-nie-wrocili/qrt040z
11 https://www.gov.pl/web/premier/odzyskac-kontrole-zapewnic-bezpieczenstwo---strategia-migracyjna-na-lata-2025---2030.
12 WEI Webinar, European Construction Sector: Poland and Ukraine Between Cooperation and Competition, https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

2. Characteristics of the construction sector of the Ukrainian economy

Construction is an important component of Ukraine's economy. In 2023, the share of construction in the total GDP was 1.6%. Before the war, the share of construction in GDP was 2.8%. The construction industry has become one of the most affected by the war in Ukraine. In 2023, the volume of manufactured construction products increased by 44.3% compared to 2022. However, it is still 35.8% less than in 2021, when the volume was UAH 258 bn (Chart 3).[13]

[13] https://www.ukrstat.gov.ua/operativ/operativ2014/bud/ovb/ovb_u/ovbp_vyd_u.htm.

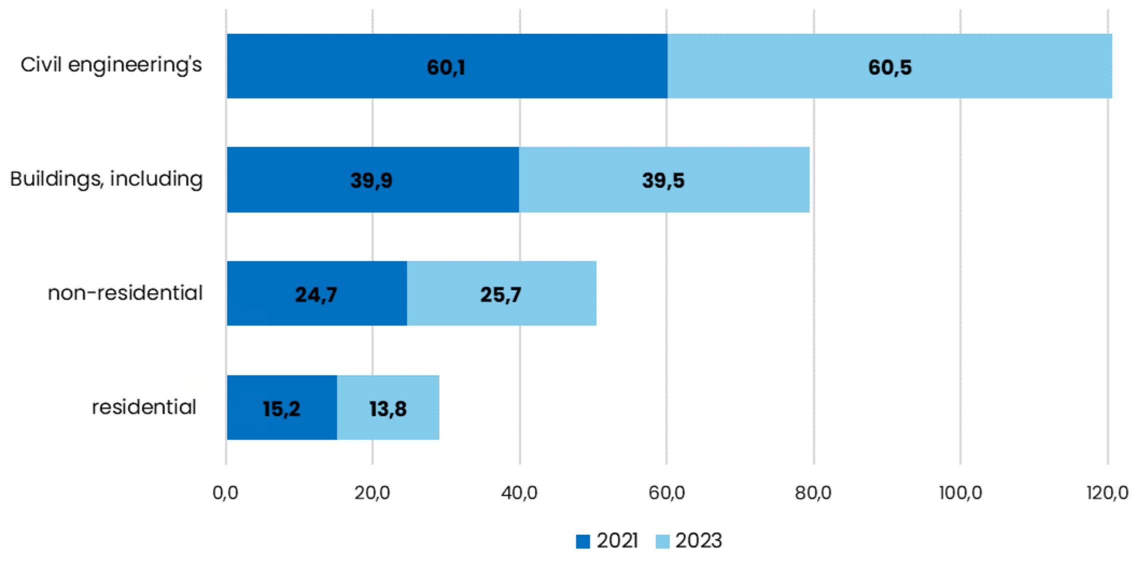
Chart 3. Volume of construction production in 2014-2023, billion UAH



Source: Ukrstat

Construction in Ukraine consists of two main components: civil engineering structures and buildings. When performing construction works, the largest share is covered by civil engineering. In 2023, their share was 60.5% of the total volume of manufactured construction products. As for buildings, the main share is covered by non-residential stock – 25.7% in 2023. The share of residential stock was 13.8% (Chart 4). Because of the war, the construction of social infrastructure (bridges, social facilities, etc.) is currently the fastest-growing construction segment. A new type of construction has also appeared in Ukraine – fortifications for protecting critical infrastructure facilities, shelters during air raids, etc.

Chart 4. Volume of construction production by type 2021 vs. 2023, %



Source: Ukrstat

In 2023, there were 50.6 thousand enterprises in the construction industry in Ukraine. It was 13.2% more than in 2022. However, it should be noted that compared to the pre-war year 2021, the number of construction companies in Ukraine decreased by 10.6%. In 2023, the share of enterprises in the construction industry was 2.7% of the total number of all enterprises.[14]

The construction industry is important for the economy of Ukraine from the point of view of employment. In 2023, 241.8 thousand people worked in construction. It was 3.2% of the total number of employees. Compared to 2022, there was a reduction in the number of people employed in construction by 7.5%.[15] First of all, such a rapid reduction is related to the mobilization of workers since construction is a traditional place of work for men and emigration. At the same time, in 2021, construction involved 3.9% of the total number of employees.

The construction industry suffered a lot during the war. Previous losses only in the

14 https://www.ukrstat.gov.ua/operativ/operativ2014/fin/osp/ksg/xls/ksg_ue_23.xlsx.
15 https://www.ukrstat.gov.ua/operativ/operativ2014/fin/osp/kzp/xls/kzp_ue_23.xlsx.

residential stock are estimated at USD 55.86 bn.[16] Since the beginning of the war in 2022, at least 213.3 thousand buildings with a total area of 138.4 million sq. m have been destroyed or damaged. In the sector of residential buildings, 203.2 thousand buildings with an area of 93.7 million sq. m were destroyed, road infrastructure – 25.8 thousand km of roads and 344 bridges with a length of 87.5 thousand m, state and private enterprises – 44 buildings with a total area of 38 million sq. m, schools and educational institutions – 3.8 thousand buildings with an area of 3.1 million sq. m, hospitals – 1.3 thousand buildings with an area of 1.47 million sq. m.[17]

In addition to losses to the construction industry, the production of building materials in Ukraine is also affected. In 2022, a noticeable drop in the production of construction materials was observed. For example, cement production in 2022 was reduced by 50.9% (currently, production is gradually recovering). During the two years of the war, about 15% of the enterprises producing building materials were destroyed. Among them are the largest manufacturers of rolled metal and dry gypsum mixtures.[18]

However, despite the losses suffered by the construction industry in Ukraine, the restoration of damaged buildings has already begun. As of August 2024, there are over 3 862 recovery projects in various stages. Their estimated cost is UAH 198 bn.[19]

Thus, the construction industry in Ukraine is currently in a difficult state, which is determined by several key factors related to the country's economic and security situation.

16 https://kse.ua/wp-content/uploads/2024/04/01.01.24_Damages_Report.pdf.
17 https://drive.google.com/file/d/17Rh_9-i3ew6MrnC1oIcnlivE_9aWVS7T/view.
18 https://drive.google.com/file/d/17Rh_9-i3ew6MrnC1oIcnlivE_9aWVS7T/view.
19 https://eba.com.ua/wp-content/uploads/2024/08/Presentation-on-building-materials.pptx-kopiya.pptx.pdf.

3. Legal and Organizational Foundations of the Sector in European Law

The construction industry is regulated by EU law through numerous legal acts, mostly directives which are a mechanism for harmonizing the laws of member states and require implementation into national systems, unlike regulations, which are applied directly. This means that the construction industry in individual member states is regulated to some extent differently, but there are common standards that must be met.

The most important EU legal acts influencing the construction industry include the following regulations:

- **Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 laying down harmonised conditions for the marketing of construction products and repealing Council Directive 89/106/EEC**[20] – It regulates CE marking, declarations of performance, and the introduction of construction products onto the market.
- **Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law')**[21] – While not directly related to construction, it sets the framework for climate policy, which impacts all aspects of the construction industry. It forces the sector to adopt new standards related to energy efficiency, sustainability, and climate neutrality. This legal act will undoubtedly have a significant impact on changes in the industry in the coming years.

The most important directives affecting the construction industry include:

- **Directive 2010/31/EU of the European Parliament and Council of 19 May 2010, on the energy performance of buildings**[22] – This introduces obligations for member states to ensure the energy efficiency of buildings, including their thermal insulation. The goal is to reduce energy consumption and, consequently, greenhouse gas emissions.
- **Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU**[23] – This imposes an obligation on member states to create strategies for the thermal modernization and renovation of buildings to ensure an increase in their energy efficiency.
- **Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification)**[24] – It establishes rules for conducting environmental impact assessments for investments. Its aim is to ensure environmental protection, public health, and sustainable development by evaluating the potential environmental effects before starting projects.
- **Directive 2014/24/EU of the European Parliament and of the Council of 26**

20 Official Journal of the European Union L 88/5.
21 Official Journal of the European Union L 243/1
22 Official Journal of the European Union L 153/13.
23 Official Journal of the European Union L 315/1.
24 Official Journal of the European Union L 26/1.

February 2014 on public procurement and repealing Directive 2004/18/EC[25] – It is of great importance to the construction industry due to the implementation of infrastructure investments. Its goal is to ensure the efficient use of public funds, enhance competitiveness and access to procurement for SMEs, and harmonize the rules applied within the single market.

- **Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC**[26] – This is a complement to Directive 2014/24/EU and concerns the coordination of procurement procedures by entities operating in the water, energy, transport, and postal services sectors. It is often referred to as the "sectoral directive."

Harmonized standards (EN) issued by the European Committee for Standardization (CEN) also play a significant role in the context of the CPR regulation and construction products. These standards aim to ensure common technical requirements for products and services across the entire European Union and facilitate the free movement of goods.

The above-mentioned regulatory acts are just a part of the extensive legislation of the European Union that must be applied in the construction industry. Implementing these regulations is a significant challenge, but the example of Poland shows that it is possible to do so efficiently and achieve the highest standards.

We currently have some of the best construction companies in Europe. They may not be the largest construction firms, but they are companies that build according to the latest standards, using the most modern technologies – emphasized Mr. Konrad Wyrwas, Director of Development Strategy at the Polish Association of Construction Employers, during a webinar organized by WEI[27].

25 Official Journal of the European Union L 94/65.
26 Official Journal of the European Union L 94/243.
27 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

4. Impact of European regulations and practices on the construction sector in Poland

Access to the Common Market

The impact of EU regulations on the entire Polish economy, including the construction industry, is undeniable. First and foremost, accession to the European Union is linked to access to the common EU market, with all its consequences. Companies operating on the common market, regardless of their country of origin, must be treated equally. It is important to point out a whole range of regulations in this context.

Article 18 of the Treaty on the Functioning of the European Union[28]

Within the scope of application of the Treaties, and without prejudice to any special provisions contained therein, any discrimination on grounds of nationality shall be prohibited.

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt rules designed to prohibit such discrimination.

Article 49 of the Treaty on the Functioning of the European Union

Within the framework of the provisions set out below, restrictions on the freedom of establishment of nationals of a Member State in the territory of another Member State shall be prohibited. Such prohibition shall also apply to restrictions on the setting-up of agencies, branches or subsidiaries by nationals of any Member State established in the territory of any Member State.

Freedom of establishment shall include the right to take up and pursue activities as self-employed persons and to set up and manage undertakings, in particular companies or firms within the meaning of the second paragraph of Article 54, under the conditions laid down for its own nationals by the law of the country where such establishment is effected, subject to the provisions of the Chapter relating to capital.

Article 56 of the Treaty on the Functioning of the European Union

Within the framework of the provisions set out below, restrictions on freedom to provide services within the Union shall be prohibited in respect of nationals of Member States who are established in a Member State other than that of the person for whom the services are intended.

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may extend the provisions of the Chapter to nationals of a third country who provide services and who are established within the Union.

Article 18 of Directive 2014/24/EU

Principles of procurement

1. *Contracting authorities shall treat economic operators equally and without discrimination and shall act in a transparent and proportionate manner.The design of the procurement shall not be made with the intention of excluding it from the scope of this Directive or of artificially narrowing competition. Competition shall be considered to be artificially narrowed where the design of the procurement is made with the intention of unduly favouring or disadvantaging certain economic operators.*

[28] Official Journal of the European Union C 202/1.

2. *Member States shall take appropriate measures to ensure that in the performance of public contracts economic operators comply with applicable obligations in the fields of environmental, social and labour law established by Union law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X.*

The standards mentioned above aim to ensure that all companies operating in the common market, regardless of their country of origin, can freely operate in any member state and have full access to public procurement. No restrictions can be applied in this regard, except for certain exceptions related to national security or public interest.

This may understandably raise concerns about the protection of domestic businesses in a country joining the European community. This was also the case for Poland. In our country, Polish companies were financially weaker and lacked the know-how compared to Western competitors, which put them at a disadvantage in many areas. However, it is important to note that joining the European Union comes with access to significant European funds, which stimulate the entire economy, including infrastructure investments. As domestic companies develop, there is also the opportunity for them to operate freely in Western countries.

New directives in public procurement were part of the European Union's preparation for a large expansion and were designed in a way that promotes equality among all partners. However, with the economic advantage of Western partners, this meant their significant superiority. This is not just about financial superiority, but also technological superiority. It is a matter of know-how, but also of compliance with technical standards – assesses attorney Jakub Troszyński, a construction investment expert from the ODJT law firm[29] .

Environmental Challenges

One of the biggest challenges for the European economy is the implementation of climate policy, and this also applies to the construction industry. For years, there have been standards regarding the environmental impact assessment of certain investments, which significantly prolong the preparation time for project implementation. The investment process must also consider location issues and its acceptability in terms of environmental protection, such as ensuring that the project does not conflict with Natura 2000 areas. This problem primarily concerns linear infrastructure but also the location of manufacturing plants, residential neighborhoods, and commercial and service facilities.

Currently, the process for standard Polish investments, such as roads or railways, takes about 8 years from the initial idea to completion. Out of these 8 years, 3 years are for construction, and 5 years are for preparation, with half of that time dedicated to environmental issues – assesses attorney Jakub Troszyński[30].

Another issue to consider is the impact of climate policy on businesses themselves. For example, environmental standards regarding emissions and the trading of greenhouse gas emission allowances (ETS) are crucial for high-emission industries, such as cement and steel production. This directly affects production costs. With the goal of achieving climate neutrality by 2050, Poland has reduced its carbon dioxi-

29 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.
30 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

de emissions by over 30% in recent years. Cement production currently accounts for about 3.8% of total national emissions, estimated at 310 million tons. However, there is a plan to reduce free allowances by 2026, which could lead to further price increases[31]. It must be acknowledged, though, that it is still unclear exactly how to achieve climate neutrality for the construction industry by 2050, but it will undoubtedly be a major challenge.

EU regulations also introduce highly costly requirements for the economy, but at the same time, they could have a stimulating effect on the construction industry, particularly regarding the thermal modernization of buildings and ensuring standards for their emissions. This refers to solutions in the "Fit for 55" package or regulation 2021/1119. These will generate significant demand for such services in the near future. On the other hand, the emission standards for new buildings will increase the costs of investment implementation.

Membership in the European Union generates a number of challenges, including exposure to competition from other countries, often with significant advantages over domestic companies. However, it also provides access to EU funds and the common market. Similarly, legal regulations pose a huge challenge, both in terms of implementing provisions and their practical application. At the same time, they open up many opportunities for the development of the construction industry.

31 https://www.polskicement.pl/aktualnosci/technologie-ccs-jedyna-szansa-na-zachowanie-konkurencyjnosci-sektora-cementowego-w-polsce.

5. Legal and organizational basis of the construction sector in Ukraine

The construction industry in Ukraine is regulated by numerous legal acts that define the main rules and standards for developers, contractors, investors, and other market participants. Key regulatory aspects include land relations, urban planning, licensing, building codes and standards, as well as environmental and safety issues.

The Law of Ukraine "On the Basics of Urban Planning" laid the foundation for the development of cities in Ukraine, defining the fundamental principles of urban planning, the powers of local self-government bodies, as well as the mechanisms of state regulation and control in the field of construction and land use. The Law also regulates the development and approval of documents necessary to plan and implement construction projects.[32]

Another important normative legal act is the Law of Ukraine "On Regulation of Urban Development Activities." This Law is the foundation for urban planning in Ukraine. It establishes the rules of construction and use of land plots and determines the authority of authorities in this area. The Law also contains detailed information on territorial planning, issuing permits, and other essential aspects of urban development. Its purpose is to create favourable conditions for investment in construction and development of related industries.[33]

Also, certain aspects of the construction industry in Ukraine are defined in the Law of Ukraine "On Architectural Activities." The Law establishes the legal framework for carrying out architectural activities in Ukraine. It defines the powers of architects, the procedures for design, construction, and restoration of architectural objects, and establishes requirements for the quality and safety of buildings and structures. The Law also regulates the protection of cultural heritage, establishing rules for dealing with historical buildings.[34]

Technical regulations and determination of legal and organizational principles of putting into circulation or provision of construction products are defined in the Law of Ukraine "On Provision of Construction Products on the Market." The Law regulates the circulation of construction products in the Ukrainian market, establishing their quality and safety requirements. It determines the procedure for applying technical regulations that establish mandatory requirements for construction products. The Law also provides for the procedures for assessing the conformity of construction products, declaring their characteristics and labelling them with a mark of conformity.[35]

The Law of Ukraine "On Building Regulations" defines the procedure for creating, coordinating, and applying rules to which buildings and structures must comply. Its purpose is to improve the quality of construction and reduce the number of redundant requirements. The Law introduces new approaches to standardization, such as parametric and target methods, which

32 https://zakon.rada.gov.ua/laws/show/2780-12#Text.
33 https://zakon.rada.gov.ua/laws/show/3038-17#Text.
34 https://zakon.rada.gov.ua/laws/show/687-14#Text.
35 https://zakon.rada.gov.ua/laws/show/850-20#Text.

allow for a more flexible approach to design and construction.[36]

To implement European standards in the field of energy efficiency of buildings, the Law of Ukraine "On Energy Efficiency of Buildings" was adopted. The main goal of this Law is to reduce energy consumption in buildings, reduce greenhouse gas emissions, and improve the country's energy security. It also defines minimum energy efficiency requirements for new and existing buildings.[37]

Land relations regulation is crucial since construction is inherently tied to land use. The Land Code defines the procedure for allocating land plots for construction and their use.[38]

In recent years, legislation in the construction sector in Ukraine has been actively changing due to digitalization, particularly with the introduction of the Unified State Electronic System in Construction. This system simplifies obtaining permits and tracks the construction process online.[39] Additionally, the control and supervision system is being reformed to combat corruption and improve transparency in urban development.

The key administrative bodies in the building sector are:

- Ukraine's Ministry of Development of Communities and Territories is a crucial ministry that forms state policy in construction, architecture, and urban planning. Also, its competence includes developing and approving building regulations, rules, and state standards, as well as controlling compliance with license conditions by business entities.
- The State Inspection of Architecture and Urban Planning of Ukraine is responsible for control and supervision in the construction industry, particularly for compliance with construction norms and rules, inspection of construction sites, licensing, and issuance of construction permits.[40]
- The State Service of Ukraine for Emergency Situations controls issues of fire safety and protection of buildings during emergencies.[41]
- Local authorities (regional and city administrations) issue permits at the local level, approve urban planning documentation, and monitor compliance with building regulations within their jurisdiction.

Since Ukraine suffered a lot of destruction and damage due to the war, reconstruction is a priority task for all the bodies mentioned above. In addition, several new authorities were founded for this purpose. Among them is the National Agency for Reconstruction and Development of the Infrastructure of Ukraine. It was created to coordinate restoration projects, plan work, secure funding, and attract international investment and resources. The agency deals not only with physical recovery but also with developing long-term strategies.[42]

Therefore, regulation in the construction field aims to ensure safety, energy efficiency, environmental protection, and harmonious development of territories.

36 https://zakon.rada.gov.ua/laws/show/1704-17#Texti.
37 https://zakon.rada.gov.ua/laws/show/2118-19#Text.
38 https://zakon.rada.gov.ua/laws/show/2768-14#Text.
39 https://e-construction.gov.ua.
40 https://diam.gov.ua.
41 https://diam.gov.ua.
42 https://restoration.gov.ua.

6. Impact of the European regulation and practice on the construction sector in Ukraine

As part of the approximation of Ukrainian legislation to the EU acquis, Ukraine continues to work actively in the implementation of norms in the field of construction into domestic legislation. In particular, many European regulations have been implemented as part of the implementation of the 2023 Association Agreement.

As of 2023, Ukraine implemented European standards in the construction industry to harmonize legislation with the European Union. The main goal was to integrate Ukrainian normative acts and standards in compliance with European norms. In particular, more than 200 European standards (EN) for construction and construction materials have been implemented in Ukraine. However, European and national standards can be applied to the same type of product. This duplication creates certain obstacles for manufacturers. The main reason such a problem arose is insufficient coordination between the responsible Ukrainian public authorities.

In 2023, the Law "On Providing Construction Products on the Market" entered into force. This Law implemented Regulation (EU) 305/2011 of the European Parliament and the Council. It establishes harmonized conditions for the market of construction products and brings Ukrainian legislation in this area closer to European legislation. To reduce the financial burden on manufacturers, a transition period was introduced to fully implement this Regulation until December 31, 2025. During this period, the necessary quality infrastructure is expected to be created. As of January 2024, 13 testing laboratories have already received the corresponding accreditation. They can provide testing services for 19 out of 35 categories of construction products.[43]

Given Ukraine's integration into the European Union, it is essential to introduce EU legislation in the field of energy efficiency. This is especially important in the context of the future reconstruction of Ukraine. To fully implement the Law "On Energy Efficiency" and to approximate Ukrainian legislation, the Strategy for Thermal Modernization of Ukrainian Buildings until 2050 was developed and approved. The strategy envisages the gradual modernization of the Ukrainian residential stock using energy-efficient technologies. As per the Association Agreement, this approach is one of Ukraine's critical commitments.[44]

Also, the resolution of the Cabinet of Ministers of Ukraine "On Approval of the List of Capital Repair Works to which the Minimum Requirements for the Energy Efficiency of Buildings do not Apply" was approved. Although this regulation does not directly implement any specific EU acquis, it generally complies with the principles and objectives of the European legislation in energy efficiency and construction.[45]

43 https://www.kmu.gov.ua/storage/app/sites/1/55-GOEEI/aa-implementation-report-for-2023_ENG_2.pdf.
44 https://www.kmu.gov.ua/news/zatverdzheno-stratehiiu-termomodernizatsii-budivel-ukrainy-do-2050-roku.
45 https://zakon.rada.gov.ua/laws/show/1068-2023-%D0%BF#Text.

In addition, the Ministry of Development of Communities and Territories developed an order "On approval of the list of accepted energy efficiency measures in buildings within the framework of the energy efficiency obligation scheme" (adopted in the summer of 2024).[46] This list defines which measures are energy efficient and can be used to modernize buildings.

Ukraine has made significant progress in implementing EU legislation in construction. However, much still needs to be done. Among the successes, it should be noted that the part of normative acts was harmonized with European standards. Its implementation will contribute to the improvement of construction standards, the development of the construction industry, and the integration of Ukraine into the European community.

46 https://zakon.rada.gov.ua/laws/show/3764-20#Text.

7. Challenges in aligning Ukraine's construction sector with EU standards

Currently, the EU is changing its regulatory provisions in the construction industry. This change is primarily due to the transition and implementation of the European Green Deal. This strategy aims to create a modern, resource-efficient, and competitive economy.[47]

For Ukraine, implementing the provisions of the European Green Deal in the construction sector is essential both from an environmental and economic point of view, especially considering close cooperation with the EU. The construction industry in Ukraine faces many challenges:

- Most buildings in Ukraine have low energy efficiency, which leads to high energy consumption and heat loss. Under the principles of the Green Deal, Ukraine should significantly increase the energy efficiency of buildings through the modernization of existing buildings and the introducing of energy-efficient standards for new buildings.
- Modernization of old buildings will require significant investments in thermal insulation, renewal of heating, ventilation and air conditioning systems, and the use of renewable energy sources. This is a difficult task from a financial point of view, especially in the context of the economic hardships associated with the war.
- In Ukraine, it is necessary to improve construction regulations and standards following EU requirements in quality, safety, environmental sustainability, and energy efficiency. This includes the introduction of a system of "green certificates" for buildings and the application of standards for the use of environmentally friendly materials. Ukraine must overhaul its legal framework to meet these stringent requirements, impacting planning, design, and project implementation processes.

EU construction policies emphasize eco-friendly practices, including waste management, using sustainable materials, and reducing carbon footprints. Implementing these environmental standards in Ukraine will require regulatory adjustments and industry-wide changes in practice. Achieving the goals of the Green Deal requires introducing new technologies in the construction industry, such as using renewable materials, energy-saving technologies, and smart energy management systems. Ukraine should also consider the European Union Emission Trading Scheme (EU ETS). Therefore, it is necessary to predict emissions reduction while producing certain building materials, such as cement or steel. Manufacturers of these products must reduce the level of CO_2 emissions.

In addition, the necessary legislation for implementing emissions trading mechanisms has not yet been fully developed in Ukraine. Although the Law of Ukraine "On Basic Principles of State Climate Policy" was adopted in 2024, this Law is still not in force.[48] The current war significantly complicates the implementation of these measures. Damage to infrastructure and mass displacement of people increase the need for rapid restoration of the building stock, which can complicate the application of environmentally sustainable technologies. To overcome these challenges, Ukraine will need comprehensive reforms, active collaboration with EU partners, and support from international organizations.

47 https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en.
48 https://zakon.rada.gov.ua/laws/show/3852-20#Text.

8. Experiences of Polish companies related to EU accession and membership Useful for Ukraine and Ukrainian Entrepreneurs

Poland's accession to the European Union provided access to significant financial resources from the Cohesion Fund and other European funds. Poland is the largest beneficiary in the entire European Union. Our country has been among the leaders in terms of the fastest rate of development among the countries that joined the EU in 2004 and later[49]. In 2004, the German economy was 11 times larger than Poland's, whereas in 2023, it was less than 6 times larger. Meanwhile, our western neighbor's GDP per capita was more than 4 times higher, and it is currently 2.5 times higher[50]. Over the 20 years of our membership, Poland has received a total of 245.5 billion euros, with a net balance of 161.6 billion euros after deducting contributions to the EU budget[51]. A significant portion of these funds has been allocated to infrastructure investments. EU funds have been a tremendous opportunity for Poland, and they will also present a similar chance for Ukraine in the future. This also applies to companies in the construction industry.

A significant challenge may arise from competition with Western European companies that have capital and the necessary know-how. It can be assumed that access to EU funds, as well as other Western funds intended for the reconstruction and modernization of Ukraine, will involve ensuring Western companies' access to the Ukrainian market, perhaps through the creation of equal rules for accessing public procurement. However, even if this leads to partnerships between Ukrainian and Western companies, or even subcontracting, where major contracts are awarded to the largest Western firms, it will still result in real profits and opportunities for growth for Ukrainian companies. During the WEI webinar, Mr. Volodymyr Vlasiuk, President of the Ukrainian Industry Enterprise, pointed out that the value of building materials needed for reconstruction is estimated at 62 billion dollars. Over the course of five years, millions of square meters of buildings will need to be built and rebuilt every year, with a peak period requiring up to 24 million square meters. This significantly exceeds the capabilities of Ukrainian companies alone[52]. However, it should be noted that, contrary to what Ukrainian partners may expect, access to Western funds allocated for this purpose will likely involve the need to open up to foreign companies. Yet, the example of Poland's EU accession shows that such a solution can also bring benefits to the entire industry.

Priority in the reconstruction of Ukraine will be given to countries and institutions that are providing funding – summarizes the expectations of Western businesses Stefan Bekir Assanowicz, Vice President of the Polish Chamber of Commerce[53].

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49 https://www.pekao.com.pl/dam/jcr:b4c8323a-76aa-48cd-bf1e-a79b43e9d7be/20%20lat%20Polski%20w%20UE_Raport%20Banku%20Pekao_Marzec%202024.pdf.

50 https://zpp.net.pl/wp-content/uploads/2024/05/Memorandum-ZPP---20-lat-Polski-w-Unii-Europejskiej-1.pdf.

51 https://forsal.pl/gospodarka/artykuly/9498040,ile-polska-otrzymala-pieniedzy-z-ue-przez-20-lat-kwota-robi-wrazenie.html.

52 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

53 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

Another aspect that certainly needs attention is the necessity for Ukraine to align its legal and economic system with the European Union. Many European standards have already been adopted by our eastern neighbor, but the implementation of environmental requirements could prove to be extremely costly. It will also, similar to Poland, prolong the investment process. This may lead to delays compared to Ukraine's expectations regarding the timeline for the reconstruction project. One should rather prepare for a perspective of several years in this regard.

The accession to the European Union itself is also a lengthy process, aimed not only at ensuring legal compliance and equal rules between the EU and the acceding country, but also at protecting the market of the new member state from competition from the West.

9. Prospects for cooperation between Polish and Ukrainian companies in the construction sector on the in European market

Undoubtedly, the most important project regarding the cooperation between European and Ukrainian construction companies will be the reconstruction and modernization of Ukraine after the war triggered by the Russian Federation's aggression. This project will define the relations between the European Union, including Poland, and Ukraine for the coming years. Both Polish and Western companies are open to collaboration in this regard and see it as an opportunity for further development. However, it should be pointed out that the European market is currently very dynamic, and Western partners will only decide to support Ukraine if it is financially beneficial for them.

I wouldn't worry about the money. There is quite a large liquidity surplus in the financial sector in Western countries. The money for reconstruction will be found. The problem will lie in how it is spent. [...] As long as transparency and the clarity of processes related to tenders and contracts are not brought up to European standards, there will be problems investing in Ukraine. The construction markets around are heated, and we don't need to go to Ukraine to make money. It will be a pure calculation of whether doing business in Ukraine will be safe – comments Mr. Konrad Wyrwas[54].

There is no doubt that Polish and European partners are concerned about issues such as corruption, as many have had negative experiences in the past. Some, even seemingly mundane investments, have not gone as expected due to unclear reasons, in conditions of cooperation and fair competition. One example is the expansion of the Medyka-Szeginie border crossing, funded by Polish resources. After 8 years of providing a loan to Ukraine and 5 years after selecting the contractor—a Polish company—Ukraine terminated the contracts and announced a new tender while simultaneously appropriating the construction documentation[55]. Recently, there have also been issues with the reconstruction of the Krakowiec crossing[56]. In order to gain the trust of Western partners, Ukraine should take more decisive steps in eliminating corruption from public life. Although it must be acknowledged that such actions have already been taking place in recent times, significant reforms are still necessary. Specifically, the public procurement law needs to be reformed, as despite changes and the introduction of the "Prozorro" platform, it still raises numerous concerns. Additionally, the judiciary system, particularly the economic courts, requires reform. Ensuring fair access to the courts is essential to fostering trust between businesses and the state.

It is also very important to define plans regarding the location of investments. In order to carry out the reconstruction process efficiently, it is crucial to think ahead and prepare all necessary formalities related

54 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.
55 https://300gospodarka.pl/news/spor-o-rozbudowe-kluczowego-przejscia-z-ukraina-polska-grozi-wstrzymaniem-finansowania
56 https://300gospodarka.pl/news/rozbudowa-najwiekszego-przejscia-granicznego-z-ukraina-wreszcie-odblokowana-jest-szansa

to where a particular construction project will take place.

In order for the reconstruction to take place […], the first condition is the identification of the market. The location of the investment must be determined. The second condition is the availability of the funds to carry it out. In other words, guaranteed budgets for the implementation of these investments - comments Stefan Bekir Assanowicz[57].

On the Polish side, entrepreneurs are expecting the creation of effective mechanisms for guaranteeing and financing investments. The reconstruction and modernization project of Ukraine is a massive undertaking that will require adequate liquidity from companies, particularly smaller ones that are not linked to wealthy foreign capital.

Polish enterprises alone do not have the credit capacity to finance works on the Ukrainian market. […] Today, 10 km of highway in Poland costs around 300 million PLN. […] Polish companies do not have such credit capabilities. There needs to be a government system in place – points out Stefan Bekir Assanowicz[58].

There is no doubt that the success of the project to rebuild and modernize Ukraine will define the economic relations between Ukraine and the European Union. It is also a significant opportunity to foster close cooperation between Polish and Ukrainian companies, to form joint capital groups, joint ventures, and strong entities that could also compete together with Western companies.

57 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.
58 https://www.youtube.com/watch?v=_vDQ8iyqKi8&t.

10. Strengthening ties between the construction sector of Poland and Ukraine in the European market

One of the possible ways to strengthen cooperation between Ukraine and Poland in the construction sector is the creation of joint construction companies. During the last 20 years, construction companies from Poland have been strengthening their positions in the EU. Given that, according to the rules of the single market, there is no difference in the company's country of origin if it operates in the European Union market. Thus, enterprises from Poland can work without obstacles on the territory of the entire Alliance. After Poland acceded to the European Union, many companies from the EU flooded the country's market, and as a result, Polish companies became less competitive. That is why it would be advisable to create joint enterprises to avoid a similar situation in Ukraine.

The creation of joint ventures in construction is also crucial from the workforce's point of view. Polish companies mainly hired workers from Ukraine and Belarus to perform construction work. Since the beginning of the war, the number of construction workers from these countries has decreased, which has caused a shortage in this profession. With the creation of joint Ukrainian-Polish companies, both sides would be able to solve this problem because, in Ukraine, the reduction of workers in construction has also been recorded.

Due to the war, the destruction of Ukraine's infrastructure, and the necessary reconstruction, Polish companies could actively participate in this process. The rebuilding of Ukraine requires enormous investments. Polish companies can win significant contracts and expand their sales markets. After all, the companies have considerable experience in construction, infrastructure projects, and other sectors necessary for reconstruction.

Currently, Polish companies in Ukraine do not have the opportunity to obtain credit when carrying out construction works on the territory of Ukraine. This can have a negative impact during reconstruction. As a result, it can prevent companies from accessing these processes from Poland. Therefore, it is necessary to develop a specific mechanism that would open access without hindrance.

As a member state of the EU, Poland has already started to move towards implementing the European Green Deal standards. Given that this process is quite expensive and time-consuming, and Poland already has some experience in this direction, it would be appropriate for the responsible authorities in Ukraine and Poland to cooperate to achieve the ultimate goal.

In addition to having direct experience in the application of European standards in the field of construction and the production of construction materials, companies from Poland have expertise in the application of standards in the field of architecture and the supervision of construction works. Given the need to introduce these norms in Ukraine, cooperation between Ukraine and Poland in these fields would be very relevant and valuable.

11. Recommendations for Ukraine and Ukrainian Companies Regarding EU Accession

The path to the European Union is certainly open, and Ukraine's aspirations for accession have been clearly defined. However, it is a long-term process that will involve overcoming numerous challenges. One of them will certainly be the adaptation of Ukrainian law and standards to those of the European Union. It will be necessary to implement the entire EU aquis, both directives and to adapt the direct application of regulations. It will also be a challenge to struggle corruption and create equal access conditions for Western companies to the Ukrainian market, including in the construction industry. Based on the discussion of the Ukrainian construction sector, its challenges, the legislative landscape and potential cooperation with Poland in the construction sector, the recommendations for Ukraine can be summarized as follows:

- Investment in energy efficiency. Companies producing construction products should take into account the standards of the European greenhouse gas emissions system. Since the implementation of the European Green Deal, all companies must reduce CO_2 emissions. There will most likely be transition periods for Ukrainian companies to implement these regulations, and the sooner companies begin to comply, the sooner they can compete with European manufacturers.
- Establish an infrastructure for monitoring, reporting and verifying greenhouse gas emissions. To implement the ETS, it is necessary to develop an infrastructure for monitoring emissions. Ukraine lacks a modern infrastructure for the systematic collection and verification of data, which is a key requirement for the operation of the system.
- Create and implement a system to encourage foreign companies to invest in Ukraine. Ukrainian authorities should develop clear and transparent investment projects and their criteria to attract foreign companies, including Polish ones. It is also necessary to develop a precise legal and financial mechanism under which reconstruction will take place.
- Harmonization of regulations with EU standards. In order for Ukraine to fully benefit from European structural funds, it is necessary to fully implement EU legislation related to construction. This will help take advantage of all available opportunities for the development of the construction industry.
- Conduct a comprehensive review of standards. It is necessary to conduct a detailed analysis of current standards in the construction industry in Ukraine. Currently, with the introduction of European standards, national standards for the same product can still sometimes operate side by side. This creates difficulties for manufacturers and contractors. The system of construction standards in Ukraine needs to be continuously unified and harmonized.
- Reform of vocational education and training. EU construction standards require a highly skilled workforce. Ukraine needs to reform its vocational and higher education systems to ensure that construction professionals and workers are prepared to implement modern, EU-aligned practices.

One of the greatest tests of cooperation between the European Union and Ukraine will be the project of rebuilding and modernizing Ukraine. On one hand, Ukraine expects financial support in this area, while the broader Western world has expressed its willingness to provide it. Already, EU financial assistance to Ukraine is substantial. In 2024 alone, it amounted to 16.1 billion euros[59], and since the beginning of the war, the EU has provided over 88 billion euros in economic, humanitarian, and military aid[60]. On the other hand, the European community will expect Ukraine to meet European standards in public procurement and collaborate with European companies in the rebuilding process.

Regardless of the project of rebuilding Ukraine, cooperation with the European Union and accession offer significant growth opportunities. A perfect example of this is Poland, whose development accelerated significantly after 2004. Through this process, Ukraine will gain access to substantial funds. However, how these funds are used will depend on Ukraine itself. In terms of effectively utilizing EU funds, Poland is one of the leaders, and it is worth drawing inspiration from the solutions that have proven successful in our country.

59 https://businessinsider.com.pl/wiadomosci/ue-przyznaje-ukrainie-41-mld-euro-wsparcia-kolejne-srodki-na-stabilnosc/jqznets.

60 https://european-union.europa.eu/priorities-and-actions/eu-support-ukraine_pl.

The Warsaw Enterprise Institute (WEI) is a leading Polish think tank originating from the Union of Entrepreneurs and Employers. Established to enhance Poland's prosperity, WEI focuses on four critical areas: State and Law, Security, Economy, and Demographics. WEI provides solutions for state institutions and independent social or commercial entities through rigorous research, analysis, educational projects, and publication of commentaries, stances, memoranda, and reports.

WEI believes that Poland's security and the prosperity of its citizens depend on their rights and freedoms, including the right to choose their way of life, equality before the law, and the right to accumulate wealth. WEI advocates for a strong and efficient state to protect against injustice and external threats but emphasizes that the state's role should be minimal to foster entrepreneurial energy and spirit.

WEI's key areas of focus are:

State and Law. WEI is dedicated to improving the quality of laws, the legislative process, and their application and enforcement in court proceedings. WEI supports a legal framework based on simplicity and the natural order, advocating for minimal regulation and emphasizing voluntary agreements and contracts. The organization promotes a strong but limited state focused on ensuring security and justice for its citizens.

Security. Learning from historical experiences, WEI supports Poland's participation in defense pacts and international organizations while emphasizing self-reliance, with the Polish Army as the key guarantor of national independence. WEI advocates for a professional army capable of effectively countering potential threats and stresses the importance of energy security by diversifying energy sources and supply routes. The institute supports Poland's presence in the EU as an economic community but opposes the concept of a single European state dominated by bureaucracy. Poland's foreign policy, according to WEI, should prioritize national political and economic interests.

Economy. WEI asserts that a robust economy is essential for funding national defense, improving living standards, and halting depopulation. The institute calls for straightforward business regulations, low and simple taxes, and an efficient judiciary. WEI opposes harmful taxes and bureaucratic barriers, advocating for equal conditions for business competition and focusing on small and medium-sized enterprises (SMEs), the backbone of the Polish economy. Educational reform to align with job market needs and limited state participation in the economy, except in military and energy sectors, are also crucial economic policies WEI promotes.

Demography. Addressing unfavorable demographic trends is crucial for achieving WEI's goals. The institute supports policies to increase birth rates, curb emigration, and implement sensible immigration policies. Strengthening families' legal and social position to encourage higher fertility rates is a priority. WEI believes in allowing citizens to retain more earnings to support child-rearing and advocates for localized social support policies targeting only those in need.

WEI maintains a nonpartisan stance, supporting beneficial national solutions regardless of political origin. WEI collaborates with Polish authorities through professional analysis and active public engagement in strategic planning, policy development, and implementation, contributing to Poland's development and prosperity.

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The Institute for Economic Research and Policy Consulting (IER) is the leading Ukrainian independent think tank focusing on economic research and policy advice. It has more than 20 years of experience in economic policy analysis and the development of policy recommendations. Since 2016, the IER actively supports regional civil society organizations in Ukraine through re-granting, mentoring, training, and awareness-raising campaigns.

IER's mission is to provide alternative solutions to key problems of social and economic development in Ukraine based on the rule of law, democracy, and market economy principles. The IER's special focus is on promoting the EU-Ukraine Association Agreement.

The IER aims to:
1. provide top-quality expertise in the field of economy and economic policy-making and developing strategic and instrumental components of the economic policy;
2. formulate a public opinion through the organization of public debate, facilitation of public dialogue and spreading knowledge;
3. contribute to the development of economic and social sciences and promote the development of the Ukrainian research community.

Since its establishment in 1999, the IER has focused on economic research and policy advice in macroeconomic policies, business climate, small and medium entrepreneurship (SME) development, international trade, financial markets, and regional and sectoral development. Since the early 2010s, the IER has been extensively focused on promoting the European integration of Ukraine.

The IER's particular strength is monitoring business attitudes and expectations towards various aspects of the business environment and regulation, including policy impacts, by conducting regular and ad-hoc business tendency surveys. Since July 2002, the IER has held a regular quarterly survey of 450 industrial enterprises in Ukraine to monitor, forecast, and analyze business activity based on the information received "from the ground up" judgments and economic agents' anticipations. Since May 2022, the survey has been conducted monthly and covered 500+ from all controlled by GOU oblasts. The IER has developed an Annual Business Climate Assessment – a policy tool for monitoring and assessing business climate and SME development based on firms' perceptions and attitudes. Annually the IER has conducted 1000+ enterprises regarding trade facilitation issues and customs work assessment.

After 24 February 2022 year, the IER focused on supporting Ukrainian resistance to full-scale military aggression. Our activities are repurposed according to stakeholder needs. Since May 2022, the IER has run the Program "Analytics and Information of the Countries' Economy during the War Time." The IER produces and promotes monthly the analysis and forecast of the Ukrauaianin economy, including monthly surveys of 500+ enterprises. The IER is a member of the public initiatives RISE (a coalition of Ukrainian and international organizations working for Ukraine's Reconstruction Integrity, Sustainability, and Efficiency). Also the IER is the founder of the RRR4Ukiraine think tank initiative, which aims to promote honest and visionary recovery based on the principles of openness and accountability.

The IER successfully combines professional analysis with active involvement in public dialogue and advocacy and actively cooperates with Ukrainian national and regional authorities in strategic planning and policy development, and policy implementation. The IER has the capacity for grant management and provides re-granting for capacity development to regional civil society organizations and media.

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