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## INTEGRATION PROCESSES IN UKRAINE'S ECONOMY AMID GLOBAL GEOPOLITICAL TRANSFORMATIONS

**Abstract.** The study examines the transformation of integration processes in Ukraine's economy under the influence of the full-scale war, the fragmentation of global trade, shifts in global value chains, and the heightened importance of economic security. It identifies the institutional and structural prerequisites for deepening Ukraine's economic integration with the European Union. Opportunities for integration in the areas of trade, investment, transport and logistics, energy, and the digital sector are analyzed. The study argues that the effectiveness of integration policy depends not only on expanding market access but also on enhancing the competitiveness of domestic production, adapting the regulatory environment, and developing resilient infrastructure.

**Keywords:** international economic integration, Ukraine, European Union, geopolitical transformations, foreign trade, global value chains, economic security.

The contemporary system of international economic relations is undergoing structural changes driven by intensifying geopolitical rivalry, sanctions-related restrictions, the reorientation of trade flows, and the growing importance of technological and energy autonomy. Under these circumstances, economic integration is no longer exclusively a mechanism for market liberalization but is increasingly becoming an instrument for ensuring the resilience of national economies. These processes are particularly significant for Ukraine, as Russia's full-scale aggression has simultaneously exacerbated the risks associated with foreign economic activity and accelerated the reorientation of Ukraine's economic relations towards the European economic area.

The granting of EU candidate status to Ukraine in June 2022, the European Council's decision in December 2023 to open accession negotiations, and the official launch of these negotiations in June 2024 marked a transition from predominantly contractual trade integration towards the prospect of full institutional integration into the EU Single Market [1; 4]. At the same time, political decisions alone cannot eliminate the production, infrastructure, and regulatory constraints affecting the Ukrainian economy.

Geopolitical transformations are changing the economic rationale of integration. Whereas previously the main criteria for locating production facilities were cost minimization and access to global markets, today increasing importance is attached to supplier reliability, the security of transport routes, the predictability of the regulatory environment, and the geographical proximity of production facilities. Accordingly,

participation in the regionalization of production, particularly in the development of European value chains, represents a promising opportunity for Ukraine. However, such participation requires a transition from predominantly raw material exports towards the production of goods with higher levels of processing and added value.

The trade dimension of integration is primarily determined by the Association Agreement between Ukraine and the European Union, including its provisions on the Deep and Comprehensive Free Trade Area (DCFTA) [7]. Its implementation contributes to the approximation of technical regulations, customs procedures, sanitary and phytosanitary requirements, and competition rules. At the same time, the elimination of tariff barriers does not automatically guarantee export growth. To benefit from the advantages of the common market, Ukrainian enterprises must demonstrate compliance with European product standards and invest in certification, technological modernization, and quality management.

Transport and logistics integration is becoming particularly important. The disruption of traditional maritime routes and increasing military risks have highlighted the need to develop alternative export and import routes. The European Commission's EU-Ukraine Solidarity Lanes initiative has become an instrument for maintaining transport connectivity while simultaneously revealing bottlenecks in border infrastructure, transshipment capacities, and control procedures [3]. Therefore, a strategic priority is the modernization of border crossing points, intermodal terminals, and railway infrastructure, taking into account European transport corridors.

Investment integration is associated with the need to restore production capacity and establish long-term sources of financing. The Ukraine Facility, established by the European Union for 2024–2027, combines financial assistance with reforms and investment mechanisms [6]. However, Ukraine's investment attractiveness also depends on the effectiveness of judicial protection, the protection of property rights, anti-corruption policies, war-risk insurance, and the predictability of government regulation. Without these conditions, financial market integration may remain largely formal.

The energy dimension of integration is characterized by the growing role of cross-border electricity interconnections, diversification of energy supply sources, and the transition towards low-carbon technologies. The synchronization of Ukraine's power system with the Continental European electricity network in 2022 established an important technical prerequisite for energy cooperation [2]. Further development in this area requires the protection of critical infrastructure, investment in distributed generation and energy storage systems, and the adaptation of energy market rules.

Another significant challenge concerns the relationship between European integration commitments and the capabilities of domestic businesses. In particular, EU environmental and climate requirements encourage industrial modernization while simultaneously increasing costs for enterprises operating with outdated technologies.

The EU Carbon Border Adjustment Mechanism (CBAM) reinforces the need to account for embedded carbon emissions and decarbonize export-oriented industries [5]. Consequently, adaptation to regulatory requirements should be accompanied by access to financing, technical assistance, and instruments for improving energy efficiency.

Three interrelated areas for improving Ukraine's integration policy should be identified. The first is institutional, involving the consistent approximation of national legislation to the EU *acquis*, improvement of customs administration, and strengthening of law enforcement and regulatory compliance. The second is structural and economic, focusing on supporting technological modernization, developing manufacturing industries, and integrating small and medium-sized enterprises into European production networks. The third is security and infrastructure-related, encompassing the diversification of logistics routes, strengthening of energy resilience, and establishment of risk insurance mechanisms. These measures should be implemented in a coordinated manner, as isolated initiatives without comprehensive transformations will not ensure sustainable economic outcomes.

Global geopolitical transformations are creating a contradictory environment for Ukraine's economic integration. On the one hand, they intensify military, logistics, and investment risks; on the other hand, they accelerate the reorientation of foreign economic relations and create opportunities for deeper integration into the European economic area. The decisive criteria for assessing the success of integration processes should include not only an increase in trade volumes but also improvements in the technological sophistication of exports, infrastructure resilience, investment activity, and enterprise productivity. Combining European integration reforms with structural modernization policies can transform economic integration into a driver of Ukraine's long-term competitiveness and post-war economic recovery.

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