

## **War, integration and the Black Sea factor: undervalued opportunities**

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The full-scale war with Russia has had a significant impact on the development of Ukraine's domestic and foreign policy. For example, after the invasion, Ukrainian society's vision of European and Euro-Atlantic integration went beyond formal EU and NATO accession and is now viewed as the only alternative for further civilisational development. This is obviously linked to expectations of support in confronting the enemy, as well as hopes for post-war recovery, macroeconomic stability, competitiveness of domestic business, and improved well-being of households.

It is clearly impossible to stand, let alone win, without reliable support. It is also clear that Ukraine will not automatically join the "European club", as the countries that are already members of the EU and protected by the NATO umbrella still have different viewpoints of the world with varying assessments of the situation and its further development. Furthermore, none of these countries are prepared for a direct military clash and will try to avoid such a threat in every possible way.

The task for Ukraine is further complicated by the fact that, while previous EU enlargements occurred in a peaceful Europe, the country's current integration path is inextricably linked to its struggle for freedom and independence. It is clear that countries that were central to European unification and creation of a reliable system of protection of common values and a shared perspective, should emerge as Ukraine's partners in its European integration. These are the founding members of the European Union and the North Atlantic Treaty Organisation (NATO). After all, European integration processes after the Cold War would have looked very different without the will of Western European societies, supported by their political leaders.

However, it is also crucial to establish a genuine partnership based on mutual interests with those countries that have joined the pan-European integration process more recently.

After the EU's "great enlargement" of 2004, the accession process for new members slowed down significantly. Only three countries, Bulgaria and Romania in 2007 and Croatia in 2013, joined the EU since then, and certain reservations and restrictions continue to this day.

This article focuses on Bulgaria and Romania, exploring their political and economic processes, as both have already made a rather controversial path to the EU. These two countries share similarities with Ukraine, particularly in their European integration processes between 2000-2010. As Ukraine has been improving its relationship with Bulgaria and Romania, it can learn from their experiences in implementing state policies. The experience of Croatia is still quite limited in time, so it is appropriate to address it later.

Another important detail is that Bulgaria, Romania and Ukraine are connected by the Black Sea, which in this case can be far more than just a geographical factor. Therefore, it is safe to say that the potential for partnership with these countries is exceptional both in terms of directions of NATO's further evolution and in terms of rethinking the traditional networks and links within the EU.

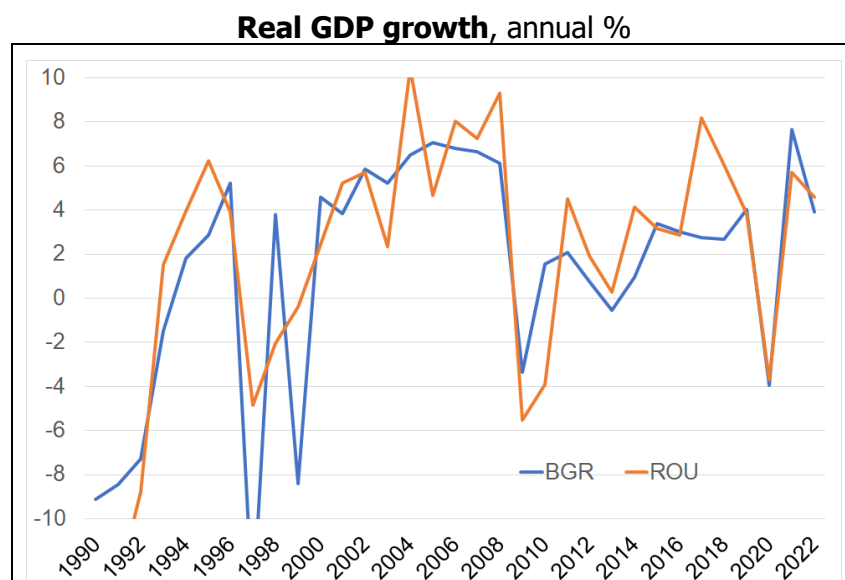
Ukraine, in particular, stands to gain from this partnership by studying integration experiences (taking into account the changes in the overall situation and the mistakes made by other nations), strengthening political support, elaborating new and promising joint projects that would increase the EU's geopolitical weight, and finally, rethinking the key principles on which security policy has been built so far.

It is a sign of the times that Russian aggression has prompted the Euro-Atlantic community to finally start implementing the talks from early 2000s about strengthening NATO's southern flank. This is a chance for Ukraine to contribute to the establishment of a new reality.

**Critical evidence of reforms.** Just like other post-socialist countries, Bulgaria and Romania faced deep crises in the early 1990s, as macroeconomic instability, structural imbalances, and a lack of experience in managing countries in a competitive global world led to significant socio-economic losses.

However, socio-political readiness for reforms and for building a new country, as well as the natural capacity of economic agents to grow and develop, contributed to the countries' accelerated recovery in the new historical European community. Since the early 2000s, both Bulgaria and Romania have demonstrated fairly high rates of economic growth (Figure "Real GDP growth").<sup>1</sup> Therefore, the decision to admit both countries to the EU in 2007, although politically motivated, also reflected their successes in previous years.

It is not known how economic transformations would proceed if not for the Global Financial Crisis of 2008-2009 (GFC), which hit the "disassembled" countries with no previous anti-crisis experience in competitive environments particularly hard.



Therefore, Bulgaria and Romania faced economic crises almost immediately after joining the EU, and their economic systems were ruthlessly tested. Both countries found themselves in new and unusual conditions: *first*, they had to deal with economic problems with mostly global causes and consequences. *Second*, as EU members, they were expected to act within the framework of a common and unified economic policy. This greatly obstructed the implementation of effective and efficient transformation steps.

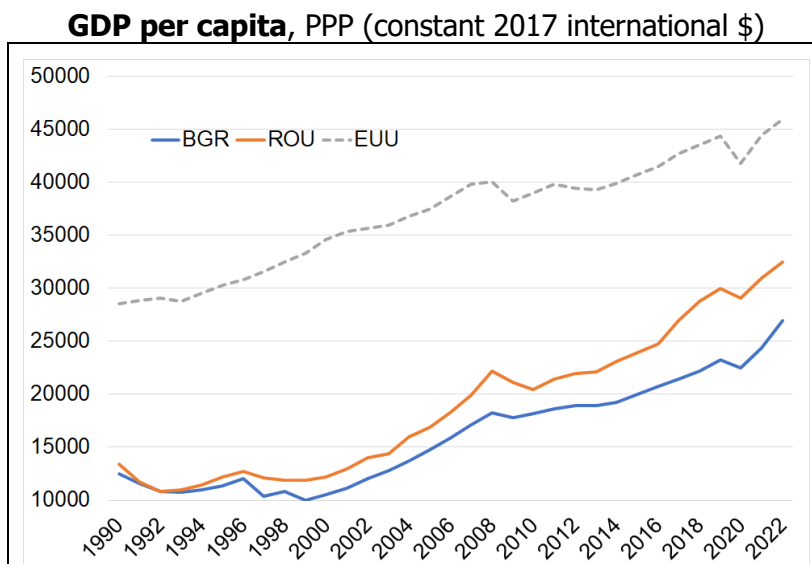
Despite the different crisis processes, the outcomes were similar. The declining wellbeing led to frustration among large segments of the population who blamed the government for the disastrous European integration choice, and thus shaped political and social polarisation.

Despite the amassing challenges, including those triggered by the COVID-19 crisis, the leadership of both countries deserves praise for their successful efforts in restoring socioeconomic growth (Figure "Real GDP growth"). However, the initial disparities in wellbeing at the beginning of the post-socialist period in the 1990s were critical, and although Bulgaria and Romania's GDP per capita today

<sup>1</sup> Hereinafter, unless indicated otherwise, the authors use data from *World Bank Indicators* for international comparisons: <https://data.worldbank.org/indicator/>. Recognised three-letter international abbreviations are used to refer to economies: EUU - EU, BGR - Bulgaria, ROU - Romania, etc.

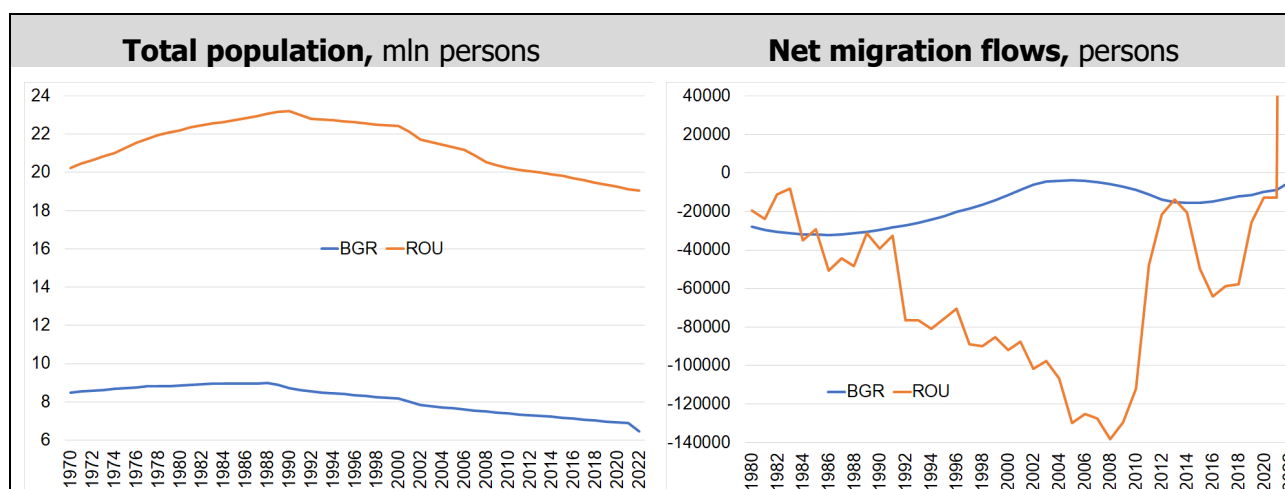
has approached the EU average, a significant lag behind more developed European countries remains noticeable (Figure "GDP per capita").

Seeking international assistance has not always been effective, and in some cases even had undesirable side effects that also created socio-political imbalances. For example, when Romania adopted an economic rescue plan in 2010 and received assistance from the IMF and the EU, the "therapy" came at a price of a 25% reduction in public sector salaries, a 15% reduction in pensions, and the dismissal of thousands of civil servants. This could not but provoke a backlash from trade unions and various political forces.<sup>2</sup> Moving forward, maintaining the current positive trajectory will serve as a reliable basis for political harmony.



A key factor in determining whether two countries will be able to catch up with the "old" EU members is their ability to significantly **increase economic performance**. This is a major challenge faced by transition countries, especially the new EU members and candidates for EU membership.

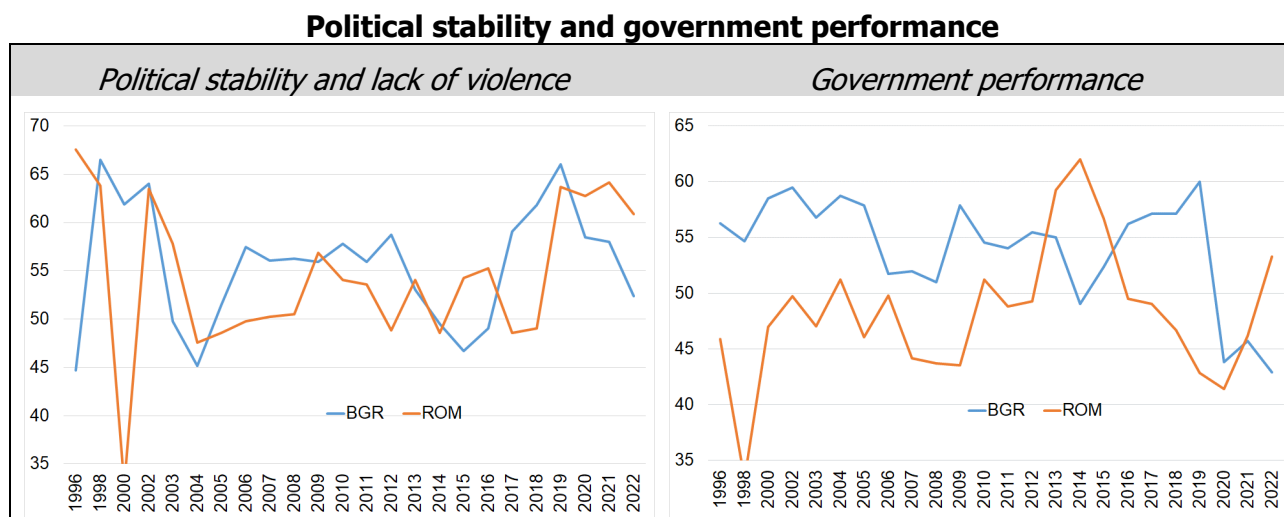
One serious obstacle for that is the decline in population, particularly the working-age population. In Bulgaria, the total population has decreased by 25% since the early 1990s, while in Romania, it has declined by 18% (Figure "Total population"). This decline was the result of both low birth rates and significant emigration waves (Figure "Net migration flows"). It was not until Bulgaria and Romania joined the EU that the outflow of their citizens substantially decreased.



<sup>2</sup> M. Zobniv, The economic situation in Romania and Bulgaria after their EU accession – <https://www.economy-confer.com.ua/full-article/1389/> (in Ukrainian).

Total employment after the GFC has remained at 53-55%<sup>3</sup> in both countries for 15 years, but the war in Ukraine has caused a significant immigration inflow, especially to Romania. In the case of today's Ukraine, however, one can assert that these are rather situational processes, as most migrants will either return to Ukraine or head further to Western Europe.

**Political crossroads.** As noted, neither country has enjoyed society's unanimous support for their transformational pro-European efforts. Rather, every governmental failure irrespective of political forces in power actually fuelled conflict, laying the groundwork for long-term political confrontation (Figure "Political stability and government performance"). Although enough time has passed since the collapse of the socialist system, critical standoffs continue, primarily between pro-European forces and movements, as well as pro-socialist ones, which in recent years have shown open allegiance to Russia.



It is worth noting that the political confrontation heated up in 2023 and continues to intensify in 2024. It is likely to culminate in the periods of European Parliamentary and national elections (in Bulgaria, early elections were held in April 2023; in Romania, elections are scheduled in autumn 2024). Condemnation of Russian aggression against Ukraine by the democratic community, as opposed by forces that can be considered pro-Russian or anti-European, was one of key factors of confrontation and conflict.

With this in mind, a brief review of the current political processes in the neighbouring countries seems appropriate.

**Bulgaria.** In April 2023, in the country's fifth parliamentary elections in just two years, pro-European forces maintained the lead, but the pro-Russian Revival party reached third place for the first time. The pro-European bloc, GERB-SDS, consisting of the former prime minister's Citizens for European Development of Bulgaria (GERB) and the Union of Democratic Forces (SDS), received most votes with 26.5% (25.4% in the previous early elections in October 2022).

The second place was taken by another pro-European alliance, PP-DB, consisting of We Continue the Change (PP), another prime-minister-led project, and Democratic Bulgaria (DB) (24.9%). In the previous elections, these parties ran for parliament separately and received 20% and 7% respectively.

The pro-Russian Revival party came in third with 14.4% (in October 2022, about 10% of voters cast their ballots for it).

The peculiarity of the government formation was that, according to an agreement reached in early June 2023 between GERB-SDS and PP-DB, Prime Minister Nikolai Denkov (leader of GERB-SDS) and

<sup>3</sup> Only in Bulgaria did employment increase to 57% in the post-COVID years, but this did not have a significant impact on economic performance.

Deputy Prime Minister Mariya Gabriel (PP-DB) were set to rotate their positions within nine months.<sup>4</sup> Subject to this agreement, both parliamentary blocs, as well as the Movement for Rights and Freedoms (DPS), voted to appoint Denkov's cabinet on 6 June 2023.

The parties have fulfilled their obligations. As part of the rotation, Prime Minister Denkov tendered his government's resignation on 5 March 2024, and the rotation procedure commenced on the next day.<sup>5</sup> The coming days may determine whether and how quickly Bulgaria will get a new government, or whether early parliamentary elections will be held in June along with those to European Parliament. Meanwhile, the new government is expected to have pro-Ukrainian intentions.

President Rumen Radev is remembered for his declarative pro-Russian rhetoric, but neither he nor members of pro-Russian forces in previous governments prevented initially secret and then open supply of ammunition, weapons, and military equipment to Ukraine in the most difficult periods of Russia's invasion in 2022.

**Romania.** The country is facing quite an eventful election year of 2024, with the European Parliament elections in June, followed by parliamentary and local elections in the autumn, and a presidential election at the end of the year. Romania's current leader, Klaus Iohannis, a representative of the National Liberal Party (PNL), is completing his second presidential term and, according to the Constitution, is not eligible to run again.

Klaus Iohannis has been a consistent supporter of Ukraine, although before 2022 he repeatedly pointed at certain problems in the dialogue with Ukraine due to the status of ethnic Romanians. Mr Iohannis is the "engine" that has brought Ukraine-Romania relations to the level of strategic partnership,<sup>6</sup> while Romania remains strongly supportive of Ukraine's territorial integrity, consistently condemning Russian aggression since 2014. After the onset of the full-scale invasion, Bucharest provided Ukraine with various urgent assistance.

Romanian society remains perhaps the most "Euro-optimistic" in Central and Eastern Europe and the least susceptible to Russian propaganda. Perhaps the long-standing resentments towards Moscow, which have not been relayed to Kyiv, play a key role here. If national elections were held in early 2024, the support for political forces in Romania would look like this:<sup>7</sup>

- the centre-left Social Democratic Party (*PSD*) could win around 30% of the vote;
- the centre-right National Liberal Party (*PNL*) – 18-20%;
- the populist Alliance for the Union of Romanians (*AUR*) – 18-20%;
- the liberal Save Romania Union (*USR*) – 12%;
- the far-right S.O.S. Romania – 5%;
- the Democratic Alliance of Hungarians in Romania (*UDMR*) – 5%.

As of today, Romanian populists who often spread anti-European and anti-American messages and call to disengage from the Ukraine war, do not have enough support to seriously influence the government formation or to win the presidential election. However, Romania is experiencing a pan-European trend of increasing public support for populist, radical right-wing or left-wing forces. This can be explained by voter fatigue with the traditional, systemic political forces that have failed to address negative phenomena in economic life, leading to a decline in many people's well-being. In

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<sup>4</sup> Bulgarian Prime Minister Denkov and his government resign. <https://www.ukrinform.ua/rubric-world/3836018-premer-bolgarii-denkov-ta-jogo-urad-idut-u-vidstavku.html> (in Ukrainian)

<sup>5</sup> The Prime Minister and other members of the Bulgarian government paid a visit to Ukraine on 26 February 2024, showing respect and commitment to the partnership between the two countries.

<sup>6</sup> M. Prysiazhniuk, From disputes to partnership. How the war changed relations between Ukraine and Romania. <https://texty.org.ua/articles/111060/> (in Ukrainian)

<sup>7</sup> Current trends in Romania's foreign policy and national security / NISS, <https://niss.gov.ua/doslidzhennya/mizhnarodni-vidnosyny/aktualni-tendentsiyi-zovnishnoyi-polityky-i-natsionalnoyi> (in Ukrainian).



Romania, these processes are further shaped by public discontent with corruption, rising inflation, and the overall weakness of political institutions.

**Challenges of European integration transformations.** One should acknowledge that the spread of pro-socialist sentiments is not solely due to Russia's provocative activities. Euroscepticism in some countries and movements is rooted in the increasingly complex decision-making in the EU after each enlargement. Being cautious of candidates' unpreparedness for membership, especially in the rule of law and anti-corruption policies, the EU introduced additional requirements for new and potential member states, which could not but "irritate", as the EU violated its own guidelines on sustainable and sound political development. Thus, in addition to mandatory implementation of European legislation, the EU monitored indicators of a candidate's practical readiness for fundamental reforms (rule of law, fight against corruption, respect for civil rights, democratic governance, etc).<sup>8</sup> In other words, countries were subjected to additional scrutiny over the implementation of new additional commitments, which was often perceived as a sign of distrust.

By the way, Ukraine used the Romanian model of introducing anti-corruption bodies, which still did not achieve a 100% efficiency despite being launched quite a while ago. In 2020, Laura Kovesi, former chief prosecutor of the Romanian National Anticorruption Directorate, became the first European Chief Prosecutor, and paradoxically, it was the Romanian government that resisted her appointment the most.

Furthermore, the use of methodologies previously developed for South America and Asia in assessing transformation processes in post-socialist countries did not always align with the practice in the emerging countries of Europe. In conditions of additional scrutiny and periodic updates of the methodologies, one could hardly expect a qualitative assessment of indicators, largely based on various surveys and expert opinions. At the very least, it is difficult to explain why Bulgaria and Romania's various governance indicators have changed little over time despite significant positive changes recognised by international institutions (Figure "Quality of governance").

With the accession of Bulgaria and Romania to the European Union, the so-called Cooperation and Verification Mechanism was introduced to assess countries' progress in judicial reform, fighting corruption and organised crime.<sup>9</sup> Its application also produced some "blurred" recommendations or "mixed pictures": on the one hand, the mechanism recognised introduction of the main elements of an effective anti-corruption system; on the other hand, decisions on high-level corruption "remained largely politicised".<sup>10</sup> Rather, it was aimed at justifying demands for tighter control.

Moreover, such additional supervision could last for decades, as the European Commission officially completed the monitoring of Bulgaria and Romania under the Cooperation and Verification Mechanism only in autumn 2023.<sup>11</sup> This means that the countries' control is finally being adapted to relevant requirements for all EU members, and the work will continue as part of the standard annual rule of law monitoring cycle.

Another example is that the EU Council agreed to abolish air and sea internal borders with Bulgaria and Romania only at the end of 2023. This means that starting on 31 March 2024, crossing air and

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<sup>8</sup> O. Bulana O. European integration of the Western Balkans: mistakes that Ukraine should avoid. <https://www.ukrinform.ua/rubric-world/3628098-evrointegracia-zahidnih-balkan-pomilki-akih-varto-unikati-ukraini.html> (in Ukrainian)

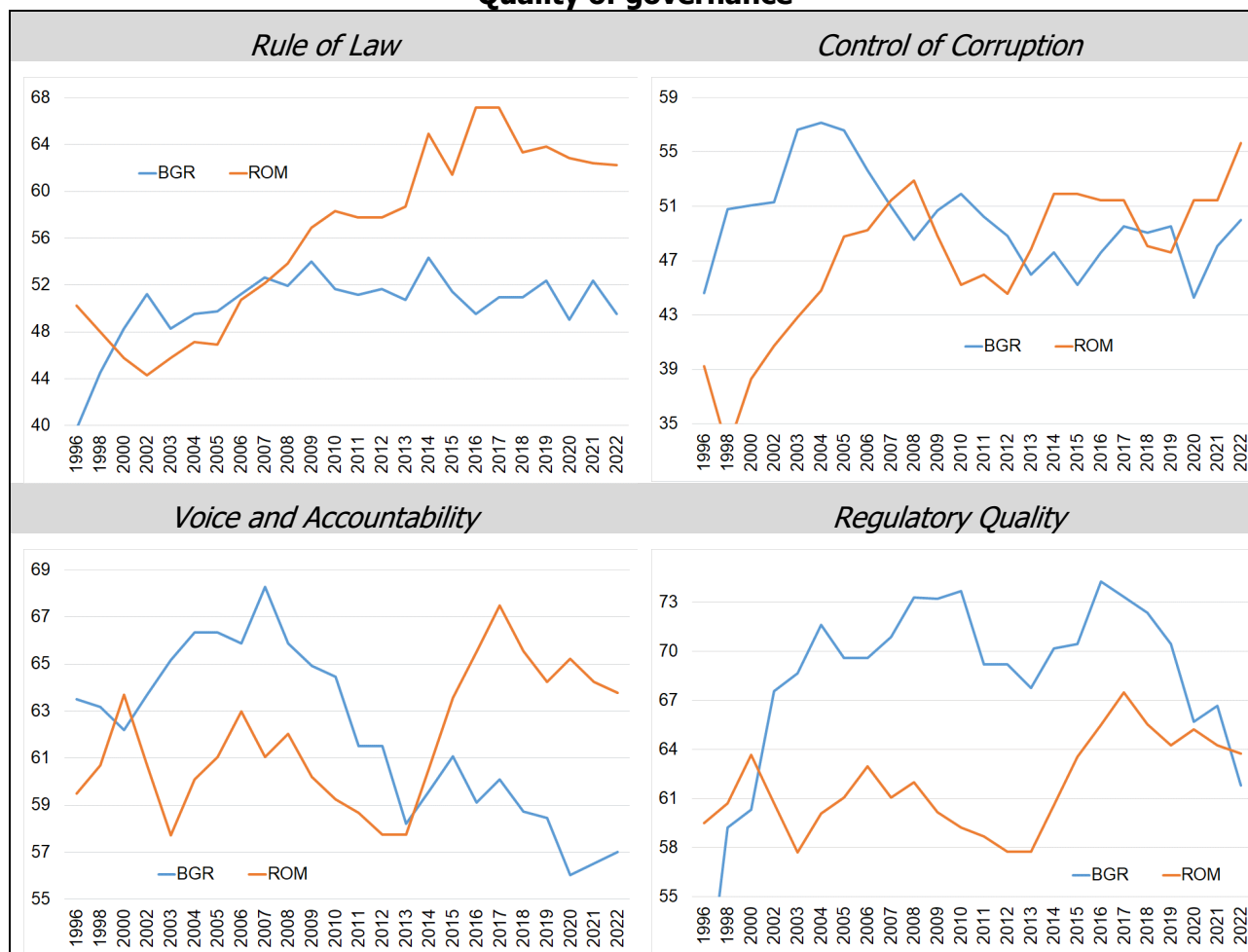
<sup>9</sup> At the time of their EU accession, Bulgaria and Romania did not meet the numerous criteria for membership (in particular, the Maastricht criteria, as discussed below). However, since the political decision favouring acceptance of both countries was already made, the European Commission created an additional "compromise" mechanism: both countries will be admitted, but during the first years of EU membership they will be monitored under the Mechanism.

<sup>10</sup> M. Zobniv, The economic situation in Romania and Bulgaria after their EU accession – <https://www.economy-confer.com.ua/full-article/1389/> (in Ukrainian).

<sup>11</sup> The EU discontinued anti-corruption and legal monitoring of Bulgaria and Romania, which had lasted for more than 16 years. <https://www.eurointegration.com.ua/news/2023/09/16/7169530/> (in Ukrainian).

sea borders between Bulgaria and Romania and other Schengen member states will no longer require control.<sup>12</sup>

### Quality of governance



**Macroeconomic balancing.** The political readiness for Bulgaria and Romania to join the European Union was quite strong. It was expected that good examples of predecessors and sufficient funding would lead to successful transformation. However, the experience of economic development has shown that injecting large amounts of funds into underdeveloped economies only produces short-term economic growth, but its sustainability and quality depend on other factors, such as national policies and effective governance. Without these factors, “excessive” funds fuel corruption, failing to improve wellbeing.

Therefore, in addition to assessing the quality of governance mainly through business surveys and expert opinions, the so-called **Maastricht criteria** have been developed to evaluate the economic transformations of EU candidate countries. These criteria are already based on objective indicators – inflation, interest rates, exchange rates, public finances, debts, etc.

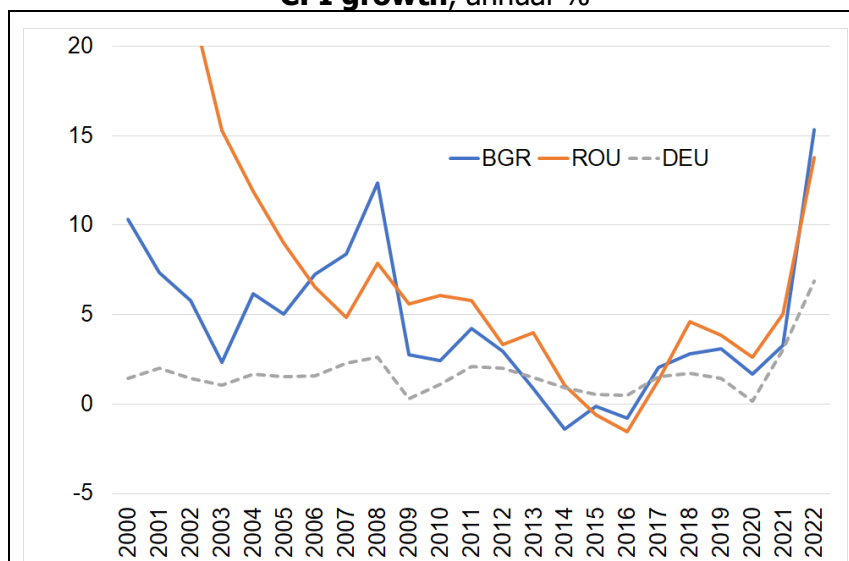
Although neither Bulgaria nor Romania fully met the Maastricht criteria at the time of EU accession, the “right” trend had already been set. For example, between the GFC (and EU accession) and the COVID-19 crisis of 2020, inflation rates in both countries reached targets close to those of Germany – Europe’s leading economy (Figure “CPI growth”).

Nominal interest rates have also been close to the thresholds, while real rates – near zero or negative, which is typical for most EU countries (Figure “Interest rates”).

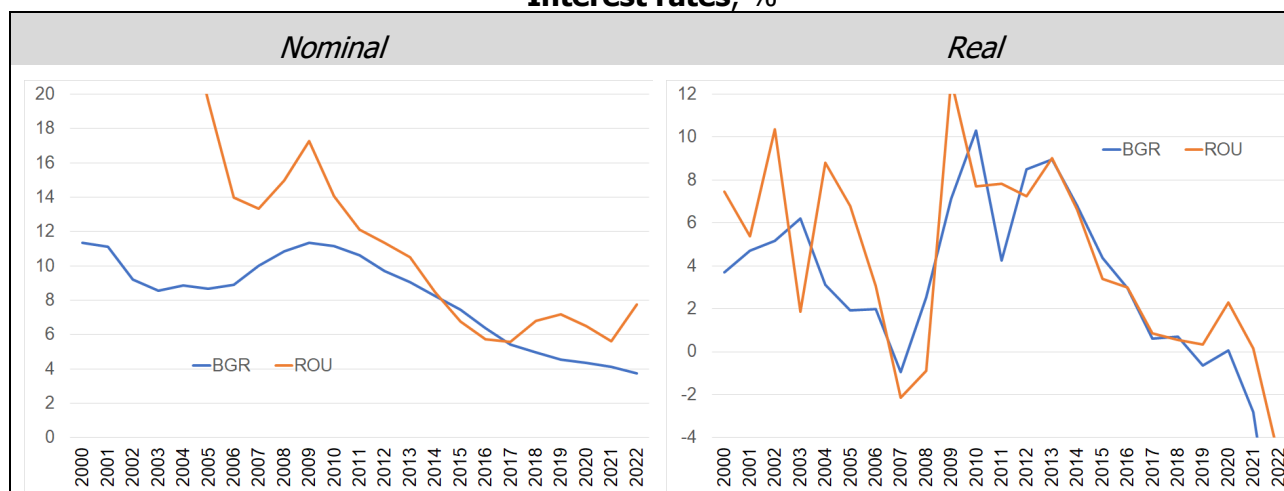
<sup>12</sup> EU Council approves “partial” admission of Romania and Bulgaria to the Schengen area - <https://www.eurointegration.com.ua/news/2023/12/31/7176478/> (in Ukrainian).

Currency criteria are generally met in both countries, with the Bulgarian lev already pegged to the euro, and the Romanian leu following a trajectory of weak devaluation, which is consistent with the country's significant foreign trade deficits and debts. It is believed that adopting the euro will eliminate currency risk and help reduce transaction costs with key European trade and investment partners of both countries.<sup>13</sup> However, while Bulgaria is rather close to transitioning to the euro,<sup>14</sup> Romania is taking its time to strengthen stabilisation processes using exchange rate policy.

**CPI growth, annual %**



**Interest rates, %**



Also, Bulgaria and Romania have different positions and levels of compliance with the fiscal and debt Maastricht criteria. For example, despite the challenging years of the COVID-19 pandemic, Bulgaria managed to keep its public finance deficit below the threshold of 3% of GDP. Romania, on the other experienced an increase in deficit and debt due to significant spending (Figures "General Government Overall Balance" and "General Government Gross Debt"). However, both countries still have a "room" before their debt reaches the threshold of 60% of GDP.

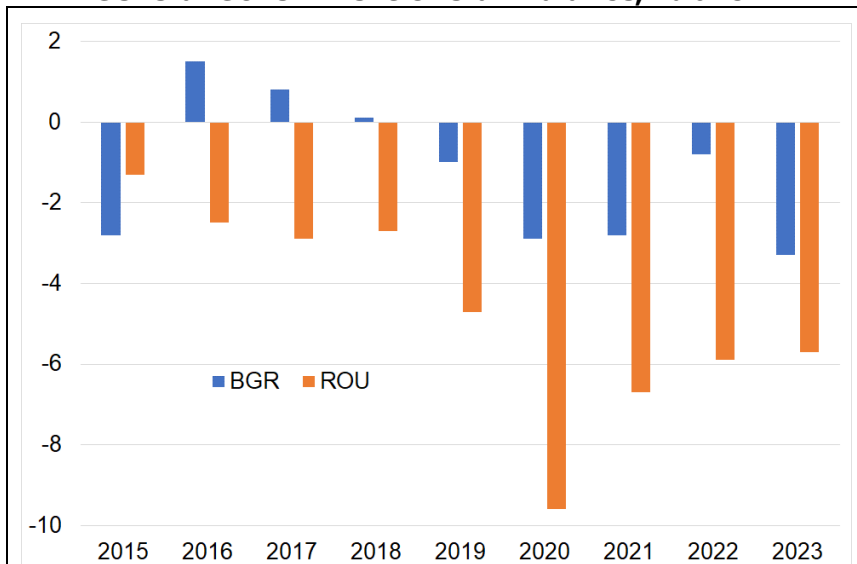
The Maastricht criteria also require competitive participation in an open economic space, which can lead to the loss of certain traditional advantages and benefits of post-socialist economies. This prompts changes in the structure of the national economy, which may not be readily accepted by the local population. Both Bulgaria and Romania have fully experienced these challenges.

<sup>13</sup> 2023 Investment Climate Statements: Bulgaria. – <https://www.state.gov/reports/2023-investment-climate-statements/bulgaria/>.

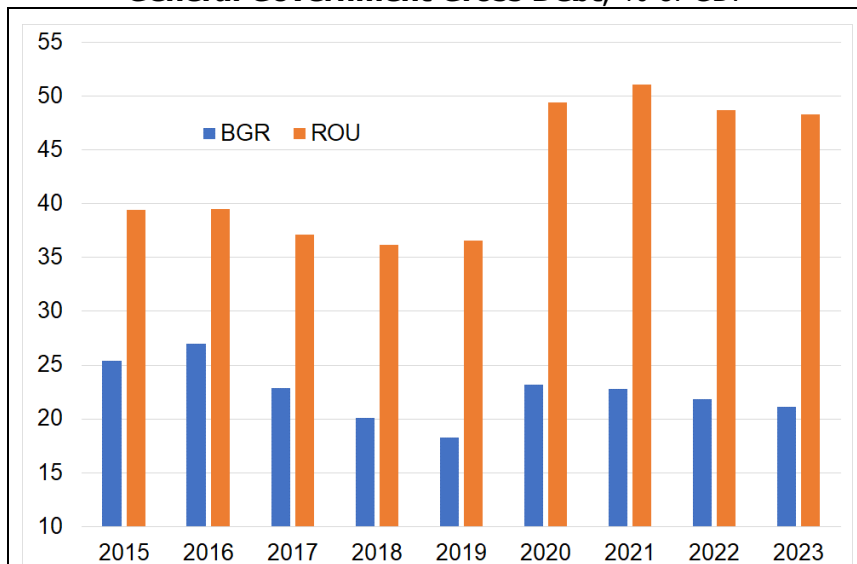
<sup>14</sup> Bulgaria on path to adopt euro in 2023: IMF's Georgieva. – <https://www.reuters.com/article/idUSKBN1ZP0F4/>



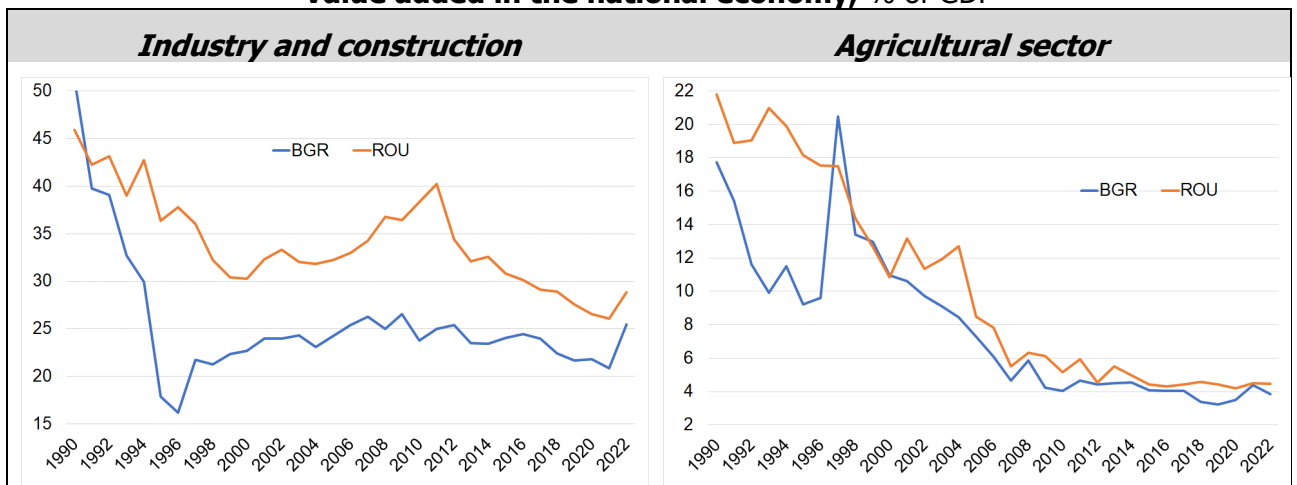
**General Government Overall Balance, % of GDP**



**General Government Gross Debt, % of GDP**



**Value added in the national economy, % of GDP**

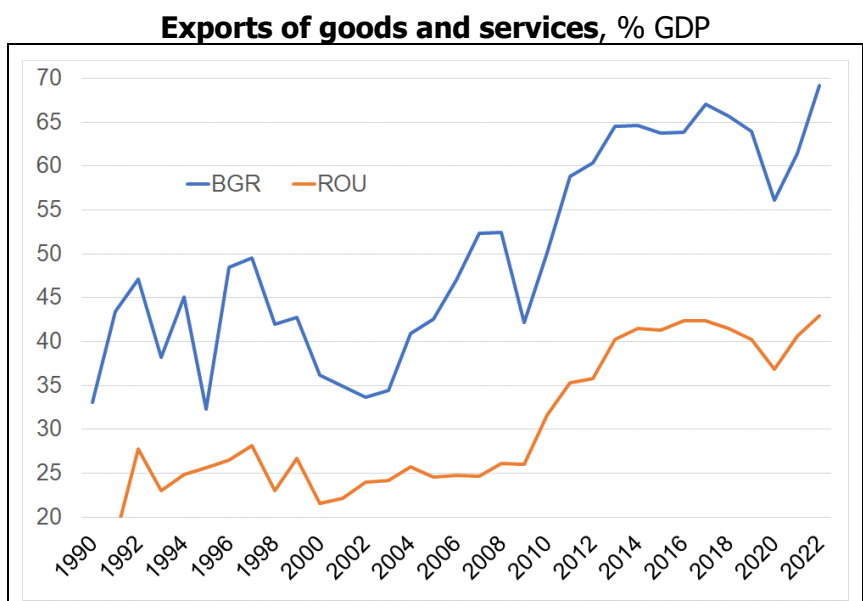


Both countries entered the post-socialist transformation with strong industrial and agricultural sectors, with industry contributing around 50% to GDP, and agriculture making up approximately

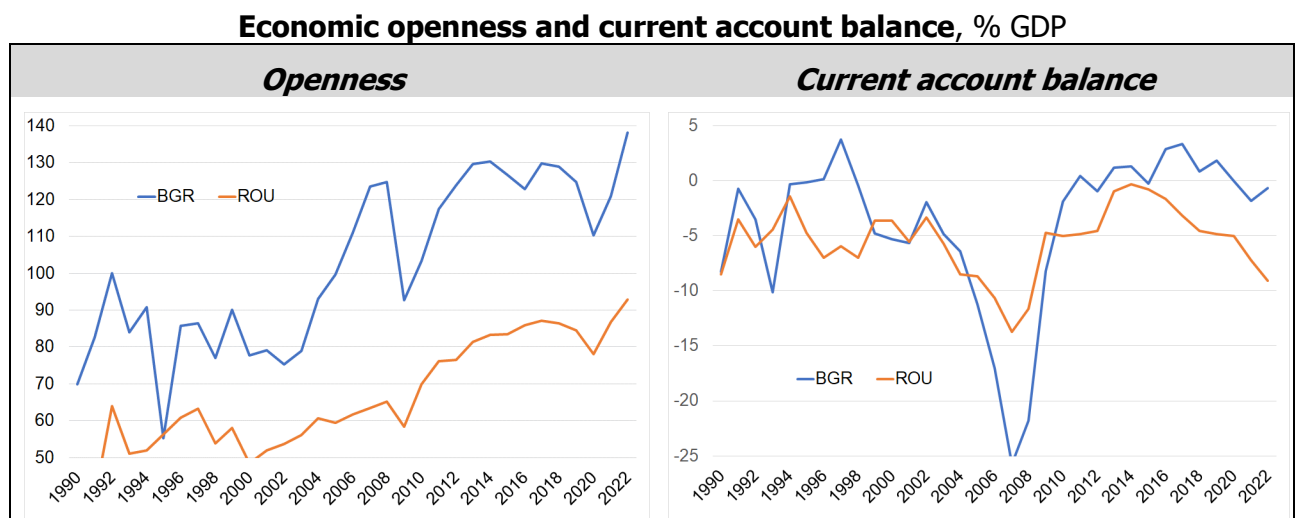
20% of the GDP (Figure "Value added in the national economy"). Of course, the transformation processes resulted in losses in these sectors, while the service sector has expanded significantly. Meanwhile, Romania was able to retain a substantial – about 30% of GDP – share of its industry, including through FDI inflows, which has contributed to the country's continued attractiveness for investments.

**Resisting external imbalances.** Transformation processes have also affected the countries' foreign economic positioning. In the early 2000s, Bulgaria had relatively low export capacity, with exports of goods and services accounting for 35-40% of GDP; Romania's export capacity was even lower, at only about 25% of its GDP (Figure "Exports of goods and services").

Unlike Romania, Bulgaria's economy had historically been more open, with foreign trade turnover exceeding GDP even in the 1990s. Therefore, accession to the EU improved Bulgaria's export capabilities, although imports also increased. Additionally, Bulgaria's development benefits from its recreational resources, which fuel the service sector as a whole.

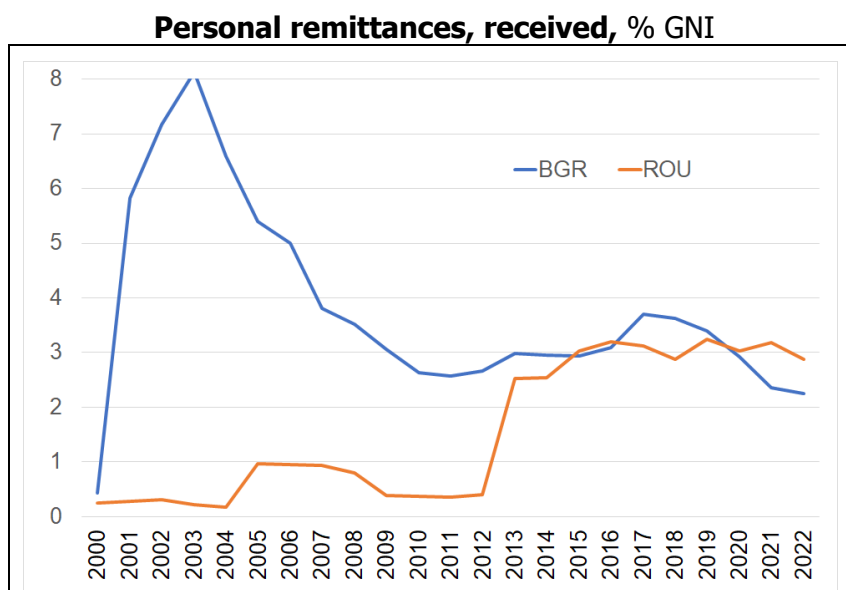
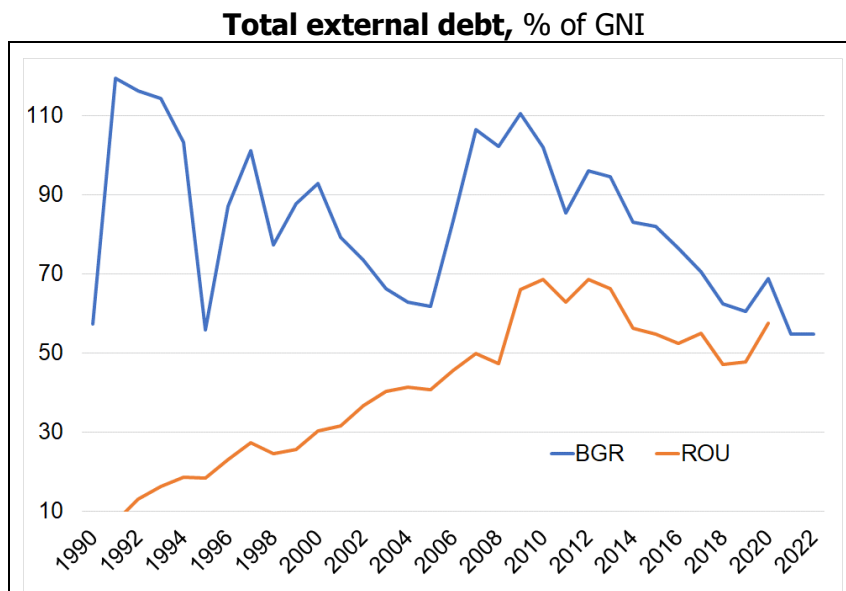


The benefits of openness (total exports and imports as a share of GDP) for small economies, such as Bulgaria and Romania, become quite at this level. Bulgaria's open economy boasts a well-rounded current account balance, while Romania is significantly less open economy, with a rather high foreign trade deficit (Figure "Economic openness and current account balance").



It is worth adding that openness of Bulgaria’s economy becomes apparent not only in the foreign trade ratio in the GDP. The country has abandoned protectionism, offering equal treatment to all investors and investments, and restricting entry for foreigners only to certain production sectors.<sup>15</sup>

The past decade’s dominant trend of reducing external public debts, which Bulgaria and Romania accumulated at the beginning of their transformation, and which were justified as they contributed to the countries’ accelerated economic adaptation to new competitive conditions is another typical and a very positive feature (Figure "Total external debt").



In addition to investments, the inflow of outside resources for private households and individuals is a stabilising factor in foreign trade. Despite losing significant human resources in the post-socialist period, Bulgarian and Romanian migrants (just like migrants from other transition countries)

<sup>15</sup> There are no limits to foreign and domestic private entities establishing and owning businesses in Bulgaria. However, the Offshore Company Act lists 28 activities (including government procurement, natural resource exploitation, national park management, banking, insurance) banned for companies registered in offshore jurisdictions with more than 10 percent foreign participation. The law allows those companies to do business if the physical owners of the parent company are Bulgarian citizens and known to the public, if the parent company’s stock is publicly traded, or if the parent company is registered in a jurisdiction with which Bulgaria enjoys a bilateral tax treaty for the avoidance of double taxation – 2023 Investment Climate Statements: Bulgaria, <https://www.state.gov/reports/2023-investment-climate-statements/bulgaria/>.

continue to support their families financially, so that money coming in as private resources in both countries is about 3% of GDP (Figure "External private receipts").

Therefore, it is safe to say that Bulgaria and Romania have achieved a reasonable level of economic strength, although there is still much to be done. As both countries will be increasingly positioned as part of the EU's eastern outpost, their success, even if partial, is crucial. Moreover, the **security of the entire European Union will largely depend on both countries' partnership with Ukraine, which is already defending Western democracies against Russian aggression.**

**Support for Ukraine as a factor in the new partnership.** Before the large-scale Russian invasion, Ukrainians mainly perceived Bulgaria as a "budget" destination for a comfortable summer vacation and knew almost nothing about Romania. Relations between Ukraine and its neighbours and geographically natural partners (the Carpathians, the Danube, the Black Sea) were of secondary importance to each side, especially after Bulgaria and Romania joined NATO and the EU.

However, the events of 2014 and the subsequent invasion in 2022 by Russia have catalysed a shift in Sofia and Bucharest's attitudes towards Ukraine. Despite permanent political crises, the "Ukrainian issue" has brought key pro-European forces together in both countries.

The new relations developed along three main dimensions –humanitarian, military-political, and to some extent, strategic. For example, according to various sources, Romania hosted between 120,000 and 150,000 refugees from Ukraine since the outbreak of the war, while Bulgaria accommodates more than 80,000 refugees. In order to draw any conclusions, one should remember that both countries are considered the poorest among the EU member states.

Both countries provided military assistance to Ukraine both in tandem and individually. Since none of them are leaders in the production of the latest weapons systems, the discussion focused on possible supplies from old stocks. It is no secret that Bulgaria used to produce significant amounts of Soviet-style ammunition.

Bulgaria has reportedly been indirectly supplying arms and ammunition to Ukraine since early 2021, without any direct contracts and contrary to the official position of the then government. These deliveries were made through Poland and Romania, possibly reaching a value of at least \$1 billion<sup>16</sup> in 2022 alone. These supplies could have covered up to one-third of the needs of the Ukrainian Armed Forces at the time and were possibly the largest supplies in the initial phase of the war.

According to the Welt (Germany), Bulgaria has also provided critical weapons, ammunition and diesel fuel to Ukraine through intermediaries,<sup>17</sup> with funding coming from the United States and the United Kingdom. Ironically, the fuel was produced from Russian oil at facilities of then-Russian Lukoil company.

Subsequently, a significant share – if not the majority – of the products of the Bulgarian defence industry were sent to Ukraine, both via direct deliveries and intermediaries. In recent months, the country has reportedly launched the production of 155 mm NATO-standard ammunition, which is also being sent to the Ukrainian defenders. Armoured personnel carriers and other equipment have already been delivered to Ukraine, after the parliament successfully overrode President Radev's veto.

Furthermore, Bulgaria is also participating in programmes to train pilots and personnel to operate F-16 aircraft.

Another aspect worth noting is that Bulgaria has abandoned its ban on grain imports from Ukraine to the EU, despite the mixed public opinion on this decision.

Finally, one should not ignore another very important and sensitive aspect: the late Patriarch Neophyte of the Bulgarian Orthodox Church played a crucial role in the granting of autocephaly to

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<sup>16</sup> Investigation: Bulgaria 'indirectly' sent weapons to Ukraine. –

<https://www.euractiv.com/section/politics/news/investigation-bulgaria-indirectly-sent-weapons-to-ukraine/>

<sup>17</sup> Das Land, das heimlich die Ukraine rettete. –

<https://www.welt.de/politik/ausland/plus243262783/Bulgarien-Das-Land-das-heimlich-die-Ukraine-rettete.html>

the Orthodox Church of Ukraine and categorically opposed to Russian aggression from 2014 on. Neophyte enjoyed a very high reputation in society, which certainly influenced the political line of the state.

Therefore, the partnership with Bulgaria is also important for challenging outdated stereotypes in which Russia has traditionally been seen as a “liberator” and “defender of Orthodoxy”.

The story of Ukraine and Romania “finding” each other is somewhat different. The two societies knew little about each other and neither they were interested in each other before Russia’s large-scale invasion. Since then, however, many initiatives have taken off in addition to the already mentioned humanitarian dimension. According to the Romanian Chamber of Commerce and Industry, more than 775 Ukrainian companies have entered the Romanian market since then, with more than 300 companies starting operations in the country in 2023,<sup>18</sup> including in the IT sector (121 companies), services (47), and construction of residential and non-residential buildings (33). Other companies are engaged in trade, transport by road, and business and management consulting.

There are virtually no pro-Russian forces in Romanian political spectrum, and this may be the reason why Bucharest did not hesitate to provide political support to Ukraine, nor to help address other problems, such as supplies to the Ukrainian forces, logistics, and pilot training. Romania agreed to have a centre for training Ukrainian F-16 pilots and personnel to maintain these jets on its territory. Romania has provided at least 15 military aid packages to Ukraine since the beginning of invasion, although the idea of supplying Ukraine with weapons is not very popular in society. There are also plans to build ammunition production facilities in Romania, although specific details have not been disclosed by both parties.

Romania has managed to avoid manipulations around Ukrainian grain exports and has been instrumental in establishing alternative routes for Ukrainian exports, particularly after the official UN grain corridor collapsed. Ukraine and Romania have utilised the Danube ports, as well as rail and road routes through Moldova. Romania is looking to further develop this opportunity by planning to build a new grain terminal in the Black Sea port of Constanta.

As for Bucharest’s political support, it has been quite active, with President Iohannis visiting Kyiv in 2022, and President Zelenskyy visiting Bucharest in autumn 2023. The two countries are currently negotiating an agreement on security guarantees for Ukraine, while Bulgaria is yet to respond to a similar proposal from Kyiv. Therefore, the strategic partnership between Romania and Ukraine appears attainable and is unlikely to be threatened politically.

The war in Ukraine has also brought renewed attention to Romania as an important player on NATO’s southern flank, also presenting many opportunities for Ukraine with the right approach. This is evidenced by the following facts: for the first time, NATO has prioritised the protection of the Black Sea in its strategic concept. This is not surprising, as the Russian invasion exposed the vulnerability of this intersection of political, business, security, and military interests. As a first step, Romania, Bulgaria, and Turkey signed a memorandum on joint mine action in the Black Sea in January 2024.

By this point, special operations exercises and the Sea Breeze-2023 multinational exercise have already taken place, with one phase specifically devoted to ensuring freedom of navigation. This means that the events in the Black Sea basin are becoming the subject of strategic planning, creating new opportunities for Ukraine. In turn, Romania and Bulgaria have a chance to solidify their political positions.

**Ukraine’s task of strengthening Eastern European outpost.** The Russia-Ukraine war has significant implications for Europe and the world, shaping and determining political, security, economic and humanitarian processes for decades to come. Support for Ukraine today goes far beyond the international solidarity of democratic countries – it is about the implementation of new ideological postulates of global and national security.

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<sup>18</sup> More than 775 Ukrainian companies moved to Romania – <https://minfin.com.ua/ua/2024/03/04/122630302/> (in Ukrainian).

Therefore, the current support for Ukraine means boosting present and future security of partner countries, particularly in Europe, and ensuring Ukraine's victory, achieving lasting peace, and building Ukraine as a democratic European country. Conversely, only a democratic and pro-European Ukraine will be able to adequately secure the EU's eastern borders. Along the way, Ukraine is forging closer ties with two nations in the Black Sea region, whose potential has long been unfairly underestimated. Both countries are committed to promote democratic transformation in Ukraine and Moldova and are beginning to play a critical role in establishing security and development frameworks in the Black Sea region.

In June 2022, Ukraine gained candidate status and the long-awaited recognition as part of the European family that one day will become a member of the EU. Ukraine's experience of European integration in the midst of war is unique. While defending the EU and NATO's eastern flank against Russia's armed intervention and suffering enormous human, financial, and economic losses, the country continues to pursue pro-European reforms and deepen sectoral cooperation. At the same time, Ukraine faces an extremely difficult task of rebuilding the country and transforming it into a full-fledged EU member with strong institutions, which requires extensive and long-term efforts.

On this path, Ukraine desperately needs friendly neighbours who are well aware of and committed to the transformation of their partner. Bulgaria and Romania are undoubtedly such neighbours, which also have to do their European "homework" in establishing public administration systems and strengthening the defence capabilities of the south-eastern outpost of Europe, which is also key to the security of the Black Sea region. The three are complemented by Turkey, which has been a candidate for EU membership for almost a quarter of a century.<sup>19</sup> All four nations, classified by the International Monetary Fund as Emerging and Developing Europe,<sup>20</sup> share mutual experiences, which can be a factor of attracting greater attention of the "old Europe" to those who guard the south-eastern borders of democratic Europe.

What are priority areas of international partnership aimed at strengthening the security of the EU in general and the Black Sea region in particular?

1. First and foremost, Ukraine needs to carefully study the path taken by other countries in the region to join the EU, recognising that their circumstances were much more favourable. Particular focus should be on establishing diplomatic and informational work with neighbours that are members of the EU (including those sceptical about EU enlargement) to make sure that contradicting business interests of certain industrial groups do not interfere with Ukraine's European integration path.<sup>21</sup>

This course of action aligns with the need to strengthen cybersecurity, as Russian aggression has demonstrated the significant risks and losses that web-based disinformation poses to the security and functioning of democracies, societies and economies.<sup>22</sup> In particular, the World Economic Forum's Global Risks Report, presented in Davos in January 2024, recognised disinformation, including AI-generated, as the main most serious threat for 2024-2025.<sup>23</sup>

Therefore, Ukraine's urgent tasks are to create a common secure cyberspace with European democracies, assist its closest partners in building a modern digital infrastructure, and attract investment in setting up a unified digital economy environment in the Black Sea region.

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<sup>19</sup> Turkey signed a Customs Union agreement with the EU in 1995 and was officially recognised as a candidate for membership on 12 December 1999 at the European Council Summit in Helsinki – Is Turkey a member of the European Union? <https://euportal.biz.ua/evropa/turtsiya/turechuna-i-es.html> (in Ukrainian)

<sup>20</sup> IMF World Economic Outlook. – <https://www.imf.org/en/Publications/WEO/>.

<sup>21</sup> O. Bulana O. European integration of the Western Balkans: mistakes that Ukraine should avoid. <https://www.ukrinform.ua/rubric-world/3628098-evrointegracia-zahidnih-balkan-pomilki-akih-varto-unikati-ukraini.html> (in Ukrainian).

<sup>22</sup> Digital Economy and Society Index (DESI) 2022. – <https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2022>.

<sup>23</sup> Digital transformation of Ukraine's economy in times of war. January 2024 – <https://niss.gov.ua/news/komentari-ekspertiv/tsyfrova-transformatsiya-ekonomiky-ukrayiny-v-umovakh-viyiny-sichen-2024> (in Ukrainian)



2. The peculiarity of today's situation, which determines the status and prospects of the Black Sea region, is that the current political, economic, and military support for Ukraine is inseparable from national security tasks, since only a renewed Ukraine as a democratic nation with a competitive economy, organically integrated into the EU's single economic space can become a reliable barrier against the aggressor's encroachments. Partner support cannot be selective, nor can it be used to extort temporary economic benefits. Bulgaria and Romania are great examples of unconditional support for Ukraine and enhanced security cooperation in the EU's south-eastern borders.

3. Proper consideration of external threats can be crucial for economic growth, prompting a "synchronised" economic acceleration and security sector strengthening. The unification of these goals lies in the **defence and military industry**, oriented towards the production, including in cooperation with foreign companies, of the widest possible range of weapons for defending the country and strengthening the EU's eastern outpost. Bulgaria and Romania already have decent production capacities and sufficient stocks of weapons. The transfer of some of these military assets to Ukraine will raise the ability to defend the Black Sea region against the Russian aggressor.

Moreover, involvement of Ukrainian manufacturers that are increasingly using digital defence technologies and establishment of joint ventures that will produce military digitalised products according to NATO standards will be an effective step towards digital security and military strengthening of the partnership between Ukraine and the CEE countries.

4. Regional security is inconceivable without free and safe navigation in the Black Sea, which can be achieved through the coordination of democratic countries. To restore the peaceful status of the sea, three NATO members – Bulgaria, Romania, and Turkey – have signed a memorandum to establish the Mine Counter-Measures Task Group (MSM Black Sea) and deploy their warships to jointly patrol and clear the Black Sea of mines.<sup>24</sup>

Ukraine, as perhaps the most interested party, should join the initiative by patrolling and clearing mines, as well as providing access to its maritime infrastructure for the MSM Black Sea ships and aircraft, thus building trust between partners.

5. A strategic challenge facing all countries is the development of a modern **production infrastructure** capable of preserving humanitarian and cultural heritage and meeting security needs. For Ukraine, this entails upgrading and integrating the national transport and logistics infrastructure into the European transport network as a prerequisite for the country's European integration in terms of infrastructure, transport and logistics.

The decision made by the heads of state and government of the Three Seas Initiative (TSI), which comprises 12 EU countries located between the Baltic, Black and Adriatic Seas, is particularly important, as it allows Ukraine to participate in all TSI projects as a partner country. Ukraine's involvement will definitely enhance both the infrastructure and security capabilities of CEE countries, and consequently, the European Union as a whole.

6. To deploy broad digital capabilities in the EU, governments must implement a strategy for the digital economy development, create an internal IT market, and motivate consumers to adopt digital technologies. The development of physical infrastructure should be accompanied by its digitalisation. Ukraine is rapidly digitising various aspects of life, which allows it to join European networks and the digital economy<sup>25</sup> at a faster pace. This, in turn, will improve Ukraine's institutional capacity and align it with the EU's digital transition.

The role of Bulgaria and Romania in all these projects is exceptional, especially given their opportunities to access direct funding from EU structural funds. The partnership of Ukraine, a country in need of post-war recovery that already demonstrated high transformation capabilities even during

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<sup>24</sup> How Bulgaria, Romania and Turkey will clear the Black Sea of mines.

<https://www.radiosvoboda.org/a/chorne-more-rozminuvannya-ukraine-zernovyj-korydor/32765739.html> (in Ukrainian)

<sup>25</sup> A. Samoilenko, Features of digitalisation of the European Union countries in globalisation / "Visnyk Ekonomiky", 2021, No.1, p. 46-54 (in Ukrainian).

times of war, can serve as an additional incentive to implement infrastructure projects that will also improve the security in the south-eastern part of the EU.

In this way, the impetus from the the need to counter the russian invasion should be scaled up into partnerships in almost all sectors, and opportunities for this have already been laid down.

In conclusion, despite the difficulties and contradictions, despite multiple scenarios of bankruptcy and collapse, **Ukraine has proven its ability** to consistently implement and adhere to civilisation principles, to join the global development processes, to focus on wellbeing and human rights and democratisation. Of course, the partner support of democratic countries, including Bulgaria and Romania, has played a considerable role. And today it is safe to say that this support is of a strategic nature.