



CEPS POLICY BRIEF

ENLARGEMENT: EUROPE'S NEXT COMPETITIVENESS OPPORTUNITY

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October 2026-08

SUMMARY

EU enlargement is increasingly recognised as a geostrategic imperative, but its potential to boost the competitiveness and prosperity of the enlarged EU remains underexplored. This policy brief holds that EU enlargement should be viewed not only as an investment in peace, stability and security. At a time when Europe faces weak productivity growth, an ageing workforce, fragmented markets, insufficient investment and intensifying global competition, it should also be seen as a competitiveness strategy.

The next enlargement could strengthen the single market through numerous, mutually reinforcing channels. It could improve the business environment and regulatory predictability, diversify supply chains and increase investment opportunities. Gains could accrue from nearshoring and from multiplying Europe's talent and labour pool, as well as its digital capabilities. Enlargement would also help to secure access to critical raw materials and expand industrial value chains, along with extending transport, energy and digital connectivity. And it would reinforce Europe's security and economic resilience.

The policy brief therefore argues for treating enlargement as an integral part of the EU's long-term competitiveness strategy and for accelerating the economic integration of its candidate countries, following merit-based approach.



Co-funded by
the European Union

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This policy brief is the third in a short series for the 'Enlargement without illusions: choices, costs and consequences for Europe's horizon' project, which has received support from the European Commission's Directorate-General for Enlargement and the Eastern Neighbourhood (DG ENEST). Views and opinions expressed are, however, those of the authors only and do not necessarily reflect those of the European Union.

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INTRODUCTION

As European Commission President Ursula von der Leyen [put it](#) at the June 2026 EU–Western Balkans summit, enlargement is ‘a geostrategic imperative’ and ‘a long-term investment in our peace, stability and security’. [Public opinion](#) increasingly agrees. A majority of the EU public (56%) believes they would benefit from future enlargement. Around a third believes that their country would gain from greater EU influence in the world, a larger market for EU businesses and more work opportunities.

At the same time, policy debates continue to focus on the costs of enlargement: its implications for the EU budget, pressure on cohesion and agricultural spending, institutional complexity and governance issues.

These concerns deserve careful consideration. First, [studies show](#) that the budgetary pressures and fiscal costs of enlargement are overstated. More importantly, a debate centred on costs overlooks the strategic purpose of enlargement. The central question is not simply how much it might cost the EU, but also how it could strengthen the EU’s economic, geopolitical and security position in a competitive global environment.

Given all the challenges that the EU faces, this question is growing more pressing. Existential threats stem from the biggest war on the continent since World War II. Economically, the EU suffers from persistently weak productivity growth, with total factor productivity around [20% below](#) that of the US and per capita income roughly [30% lower](#). Its markets are fragmented, investment levels insufficient, and its workforce is [ageing and shrinking](#). More investment is needed for defence, decarbonisation and digitalisation. European supply chains are vulnerable to geopolitical shocks, while competition from major global powers, particularly the US and China, is intensifying.

As the recent [Draghi report](#) and [Letta report](#) both make clear, the case for completing and deepening the single market grows more compelling as external challenges multiply. The EU’s next enlargement, combined with its geopolitical ambition, should serve to both expand the single market and make the EU stronger and more resilient.

This policy brief shifts the focus towards EU enlargement as an investment in long-term prosperity and competitiveness. It argues that the next expansion could raise EU competitiveness through nine channels, with benefits culminating in an overall increase in Europe’s security and economic resilience.

PAST EXPERIENCE SHOWS THAT ENLARGEMENT IS A POSITIVE-SUM GAME

The current candidate countries [lag significantly](#) behind EU Member States in terms of economic performance and governance. On average, their GDP per capita is only around a third of that of EU Member States which joined before 2004. Employment gaps are also considerable, at around 20 percentage points on average. However, studies show that [these gaps are broadly comparable](#) with those observed in previous enlargement rounds, particularly the 2004 ‘big bang’. This makes the 2004 eastern enlargement a highly relevant benchmark for estimating the potential effects of the upcoming one.

The literature consistently finds that when 10 central and eastern European countries joined the EU in 2004, followed by the accession of Bulgaria and Romania in 2007 and Croatia in 2013, economic convergence accelerated in the new Member States while generating substantial benefits for the incumbents. By 2023, 15 years [after the 2004 enlargement](#), the GDP per capita of the countries that joined in 2004 had increased from around 52% of the EU average at accession to almost 80%. Meanwhile, unemployment declined from approximately 13% to just 4%.

Incumbent members also realised sizeable economic gains. Over the same period, GDP per capita in the pre-2004 Member States was estimated to be around [10% higher](#) than it would have been without enlargement. The principal driver of these gains was the expansion of the EU single market, which enabled firms to scale up production, improve efficiency and increase investment, especially in the accession countries. [The largest benefits](#) accrued to Scandinavian countries, Germany and Austria, which were already closely integrated with the new Member States well before their actual accession date.

To this end, the eastern enlargement was not a zero-sum transfer from existing to new members – it expanded the productive capacity and economic frontier of the EU as a whole. The literature also suggests that the gains did not stem from one-off financial transfers, but from deep economic integration: the combination of trade liberalisation, increased investment, the free movement of people and the credibility created by a lengthy, rules-based accession process that anchored domestic reforms.

Estimates for the next enlargement, involving all the candidate countries, suggest that it could increase EU GDP in the range of [8% to 24%](#). Assuming strong economic convergence, new Member States could experience average per capita income gains of [around 30%](#) within a decade after their accession, while current Member States could see gains of up to 10% compared with the non-enlargement scenario. [Studies](#) also suggest that raising productivity would be crucial for these benefits to materialise. This, in turn, would depend on speedy and effective domestic reforms, alongside single market

integration and EU funding, with each contributing roughly a third of the overall gains from accession.

HOW THE NEXT ENLARGEMENT COULD BOOST EU COMPETITIVENESS

The next wave of EU enlargement to the Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia and the potential candidate Kosovo) and the Eastern Trio (Ukraine, Moldova and Georgia¹), has the potential to generate tangible economic benefits for the enlarged EU².

The Western Balkans, together with Moldova and Georgia, are relatively small, open economies whose integration would primarily improve regional value chains, labour markets and connectivity. Ukraine represents a distinct case. As the largest candidate country, it combines significant economic potential with remarkable resilience, having maintained critical economic activities and production and even expanded innovation despite a full-scale war now in its fifth year.

While the specific contributions of each candidate country will vary, enlargement to both regions could boost EU competitiveness through the following channels:

- developing a more predictable business environment,
- strengthening supply-chain resilience,
- expanding higher-return investment opportunities,
- supporting nearshoring,
- renewing Europe's talent base and labour force,
- enhancing digital capabilities,
- expanding access to critical raw materials and industrial value chains,
- improving transport, energy and digital connectivity, and
- reinforcing the EU's overall security and resilience.

¹ According to the latest annual Enlargement Reports, Georgia is currently a candidate country in name only, with its accession process de facto [halted](#) by the European Council in 2024. Nevertheless, the Georgian population remains strongly committed to a European future. Should Georgia's political course change, the country could return to the European path, building on its track record of implementing the Association Agreement.

² The list of candidate countries also included Türkiye, but this paper accounts only for the Western Balkan and Eastern Trio countries, as the accession talks with Türkiye have [been frozen](#) since 2018. It remains more of a strategic partner – in a 'phased, proportionate, and reversible manner' – than a candidate country.

MAKING THE EU SINGLE MARKET BIGGER AND STRONGER

Recent geopolitical tensions have exposed the costs of fragmented supply chains and excessive dependence on external partners. Enlargement offers an opportunity to bring a greater share of strategically important trade, investment and production into a wider EU economic space governed by common rules. But its benefits go beyond removing the barriers to the single market. The accession process drives improvements in governance, institutions and regulatory predictability, helping to create the stable economic and political environment on which a larger and more competitive single market depends.

Well before the actual enlargement date, the accession process extends the institutional foundations of the EU's single market, including competition policy, public procurement, state aid control, customs procedures, product standards and the rule of law, thereby reducing regulatory fragmentation and business uncertainty. Stronger institutions, more predictable enforcement and improved governance lower the risks associated with investment. In this sense, enlargement does not simply add new markets to the single market; it helps to make those markets more predictable, stable and productive.

According to [BusinessEurope](#), the European private sector increasingly recognises the untapped trade and investment opportunities associated with EU enlargement. [Evidence](#) from past expansion suggests that European firms benefit from significant first-mover advantages. Companies that invest early in candidate countries by establishing local partnerships, supplier networks and market knowledge are better positioned to capture the benefits of accession once barriers to trade and investment are fully removed.

The Western Balkans already provide a clear illustration of this dynamic. According to the [OECD's 2025 Convergence Scoreboard](#), the business environment is among the region's best-performing reform areas. Similar dynamics could emerge in Moldova and, in the longer term, in Georgia, if the country returns to its European path.

Ukraine presents an even larger opportunity. Beyond its sizeable domestic market, reconstruction represents one of Europe's largest investment agendas for decades to come. The accession process would anchor it within the EU's legal, regulatory and institutional framework, substantially reducing long-term investment risks.

The EU is currently the biggest financial supporter of the country. For reconstruction purposes it has put in place the [Ukraine Investment Framework](#), with EUR 9.6 billion in budgetary guarantees, investment grants, technical assistance and financial instruments. It is designed to mobilise a further EUR 40 billion in investment. Yet, to translate this public investment into lasting competitiveness gains for Europe, European companies need to participate actively in Ukraine's reconstruction and emerging markets;

otherwise, a significant share of the opportunities created by European support could ultimately be captured by firms from competing geopolitical powers.

By contrast, if enlargement loses momentum, the Western Balkans and Eastern Trio risk remaining characterised by fragmented markets, weaker institutions, inefficient economic structures and persistent political uncertainty. Rather than extending Europe's zone of stability and predictable economic governance, the EU could face continued instability and economic fragility at its borders. In other words, if enlargement does not help the EU import competitiveness and stability, it risks importing instability and insecurity instead. A stalled enlargement process would also leave greater space for competing geopolitical actors to shape investment, infrastructure, supply chains and strategic assets according to their own interests.

The ultimate gain from enlargement is more than simply the scale of an expanded single market – it also increases the degree of predictability and improves the business environment within that market. Based on previous rounds of enlargement, [studies assuming a positive outlook suggest](#) that the next round may accrue 47% of GDP growth in the newcomers and 13% in existing EU Member States within 15 years after accession.

NEARSHORING

Nearshoring is one of the most immediate channels through which enlargement could advance EU competitiveness. The Western Balkans and Eastern Trio are geographically close to the EU's industrial centres and are already integrating into the European economy. Shifting more production and supply chains to these regions would not only cut costs and delivery times, but also strengthen the EU's economic security by reducing exposure to distant suppliers, geopolitical disruptions and vulnerable trade routes.

Trade has grown through the Stabilisation and Association Agreements with the Western Balkans and the Association Agreements and Deep and Comprehensive Free Trade Areas (DCFTAs) with the Eastern Trio. While tariffs have largely been eliminated, non-tariff barriers, including customs procedures, regulatory divergence and administrative costs, continue to constrain deeper trade and investment. By progressively extending the single market to these two regions, enlargement could alleviate these frictions, making cross-border production faster, more predictable and less costly. This could, in turn, encourage European firms to invest in candidate countries, build regional supplier networks and develop shorter, more resilient supply chains with lower exposure to external disruptions.

The Western Balkans provide a clear illustration of this dynamic. European investment has integrated parts of the region into value chains in the automotive, machinery, textile, agri-food and business services sectors. Still, [a significant share](#) of investment continues to flow into real estate rather than export-oriented and high value-added sectors. This

dynamic shows that the objective should not be nearshoring based solely on lower costs, but nearshoring with upgrading – cultivating local capabilities, skills, innovation and higher-value activities in candidate countries to raise productivity and competitiveness across the enlarged EU.

This objective is supported by Harvard Growth Lab’s [Economic Complexity Index](#), which shows that foreign direct investment has helped to integrate the Western Balkans more deeply into European and global value chains while increasing the sophistication of their exports. [North Macedonia and Serbia](#) are well-integrated into EU-centric manufacturing value chains. [Studies](#) further identify [three main areas](#) where the region is competitive and has further growth prospects: apparel manufacturing, automotive components, and business process and ICT outsourcing.

The nearshoring potential of the Eastern Trio reflects several distinct advantages. Ukraine, beyond its sizeable domestic market, offers a significant industrial base, skilled workforce, engineering capabilities and growing expertise in defence technologies and defence-industrial production. Earlier this year, Commissioner Marta Kos [described](#) Ukraine as one of Europe’s most strategic investment destinations, recognising this potential. Moldova, with its proximity to Romania, offers competitive labour costs and DCFTA-enabled favourable conditions for [export-oriented](#) manufacturing and services, particularly in electronics, automotive components, wires, agri-food and business services. Georgia’s position on the Black Sea and the Middle Corridor offers more diversified transport, energy and digital links for more resilient European supply chains.

RETAINING TALENT IN AN AGEING EUROPE³

Europe’s competitiveness depends on its ability to access, retain and mobilise talent. Labour and skills shortages are already becoming a structural constraint for the European economy, not least in sectors requiring specialised knowledge, from advanced manufacturing and digital technologies to healthcare and green industries. Demographic pressures are also intensifying: by 2050, working-age populations are [projected](#) to decline in 22 of the EU’s 27 Member States, while the share of those aged 85 and older will more than double across the EU, putting more pressure on pension, healthcare and social protection systems. By the end of this century, the EU’s working-age population is set to [shrink by 54 million](#), risking European welfare and prosperity.

³ For further insights on the impact of EU enlargement on labour mobility within the enlarged Union, please refer to another policy brief published as part of this project: <https://www.ceps.eu/ceps-publications/who-will-work-for-europe-how-eu-enlargement-can-help-fill-europes-labour-shortages/>

Traditional migration sources from [central and eastern Europe](#) have now reached the limits of providing much-needed labour to cover gaps across the EU. Maintaining the competitiveness of the single market will require not only higher productivity, automation and investment in skills, but also a [larger pool](#) of workers who could be readily integrated into European labour markets.

Another challenge for the EU is the skills shortage: recent studies suggest that [80% of employers](#) and nearly [four in five SMEs](#) face difficulties in recruiting people with the skills and qualifications they need. The most acute shortages are in [STEM occupations](#) (science, technology, engineering and mathematics), as well as [healthcare, ICT, agriculture, civil engineering and education](#).

Against this backdrop, the gradual integration of workers from the EU's candidate countries could help address both labour and skills shortages while mitigating the long-term effects of demographic decline.

Candidate countries have relatively younger populations, with needed skills for the EU's single market. In the Western Balkans, the labour participation rate stands at roughly [70%; around 75%](#) of emigrants are of working age, reflecting strong labour demand in destination countries and persistent wage differentials. Together with the Eastern Trio, they also possess substantial human capital, notably in STEM disciplines, healthcare, ICT and agriculture – sectors with pronounced skills shortages in the EU. Experience of the influx of Ukrainian IT professionals and companies in Poland since the full-scale war illustrates the gains from highly skilled migration: it [brought](#) not only additional skilled labour, but also entrepreneurial, technological and innovation capabilities to Poland.

Moreover, the integration of skilled workers from future member countries, who are already emigrating to the EU and progressively aligning with the EU's legal, educational and institutional frameworks, would be much smoother and faster than for workers from countries outside the accession process.

At the same time, the Western Balkans and the Eastern Trio are facing demographic pressures of their own. Enlargement should therefore avoid reinforcing a one-way 'brain drain' model in which candidate countries lose their most productive workers while the EU captures the benefits. Instead, labour mobility should be based on a [brain-circulation](#) model, which can generate mutual benefits. A well-designed [mobility framework](#) could enable skilled workers to alleviate labour and skills shortages in ageing Member States, while helping their countries of origin through remittances, knowledge transfer, returned migration, diaspora investment and increased productivity. The [literature](#) on the results of the 2004 eastern enlargement shows that while accession led to significant labour mobility from the new to the incumbent Member States, it also led to higher labour productivity, less redundant labour and more efficient labour allocation in the new EU Member States.

EXPANDING EUROPE'S DIGITAL ECONOMY AND INNOVATION CAPACITY

Digital technologies have become one of the principal drivers of economic competitiveness. Europe's ability to compete globally depends on its capacity to attract digital talent, develop innovative firms and scale new technologies across the single market. Enlargement offers an opportunity not only to expand the EU's digital economy but also to broaden its innovation ecosystem by integrating dynamic ICT sectors, highly skilled workforces and growing start-up communities into a larger European market.

The Western Balkans have already emerged as growing digital economies. The [OECD identifies](#) digital transformation as the region's second strongest-performing policy area, with levels of internet connectivity and mobile penetration approaching or exceeding the EU average. ICT has become one of the region's fastest-growing sectors, with [exports of ICT services](#) standing at 90% of the EU average. Serbia and North Macedonia already outperform the EU average in ICT service exports (152.9% and 121.6% of the EU average, respectively), reflecting sustained investment in digital infrastructure, a growing start-up ecosystem and a highly skilled and cost-effective workforce with STEM talent.

To the east, Ukraine has developed one of Europe's largest and most dynamic technology sectors, demonstrating remarkable resilience and innovation despite the ongoing war. Its internationally competitive software industry, engineering talent and rapidly expanding defence-tech ecosystem have accelerated advances in cybersecurity, AI, autonomous systems and digital services. It has developed capabilities that are increasingly relevant for Europe's competitiveness and economic security.

The country boasts an ecosystem of over [240 active AI companies](#) and a massive pool of over [303 000 highly skilled tech](#) specialists. Driven by wartime adaptation, its tech sector has become a global leader in autonomous drone systems, real-time computer vision, data encryption and AI-enabled situational awareness. Major global AI applications (such as [Grammarly and GitLab](#)) trace their engineering roots back to Ukraine. It has been topping several [international rankings](#) on digital transformation and leads the World Bank's annual [GovTech Maturity Index](#). Ukraine has become one of the most competitive countries in the world in defence-tech. As an epicentre for military innovation, it has 10 companies in the global '[100 Startups to Watch](#)' index by Resilience Media.

[Moldova](#) has become an attractive destination for software development, IT outsourcing and digital entrepreneurship, supported by competitive labour costs and an expanding ICT sector. [Georgia](#) is actively developing its digital economy to become a regional digital hub, benefiting from a favourable business environment, growing tech start-ups and its strategic position connecting Europe with the Black Sea region and the South Caucasus.

In addition, the Western Balkan countries and Eastern Trio [could also host](#) backup regional server hubs, edge-compute infrastructure and software testing operations that comply directly with EU data standards.

Enlargement should therefore be viewed not just as the integration of additional ICT ecosystems, but as an opportunity to build a larger and more innovative European digital economy with newcomers, raising its competitiveness globally. To fully realise these gains, candidate countries should continue aligning with the EU's digital *acquis* by strengthening cybersecurity, data governance, digital public administration, competition policy and the protection of intellectual property.

INCREASING DOMESTIC SOURCES OF CRITICAL RAW MATERIALS

Expanding access to critical raw materials has become a central pillar of the EU's economic security and strategic autonomy. As demand for minerals, which are essential to the green, digital and defence transitions, continues to rise, enlargement could significantly strengthen the EU's ability to diversify supplies and reduce its dependence on external providers, particularly China. EU enlargement to this end would not only expand domestic sources of supply but also tie extraction, processing and manufacturing to a common regulatory and environmental framework.

The Western Balkans possess considerable mineral potential. Serbia holds copper, gold and Europe's largest lithium deposits. The country has already established a [Strategic Partnership](#) with the EU on sustainable raw materials, battery value chains and electric vehicles. The partnership extends beyond extraction to include processing, battery production, electric vehicles and Serbia's deeper integration into the EU's single market. [Albania](#) holds deposits of copper, chrome, cobalt, feldspar and nickel, with potential copper-wire production for electrical vehicle motors. [Kosovo](#) is rich in lead, zinc, cobalt, bauxite and manganese, with nickel exports [resuming](#) in 2024. [Montenegro](#) possesses significant bauxite reserves. [North Macedonia](#) produces minerals including copper and feldspar, while [Bosnia and Herzegovina](#) has deposits of antimony, bauxite and magnesite.

Ukraine represents a significant strategic opportunity, as it has [deposits of 22](#) of the EU's [34 identified critical raw materials](#). It possesses substantial reserves of graphite, lithium, titanium, beryllium and uranium, along with other critical minerals, many of which are indispensable for batteries, renewable energy technologies, advanced manufacturing and defence industries. Although the EU and Ukraine already have a [Memorandum of Understanding](#) on Strategic Partnership on raw materials, Ukraine currently accounts for only a small share of the EU's critical raw material imports ([2%](#)), pointing to much untapped potential. Integrating this potential into the single market could help to diversify EU supply chains and reduce dependence on third-country suppliers.

Georgia could complement this strategy through its deposits of [manganese, copper and rare earth elements](#). Moldova's mineral endowment is [more limited](#), but its integration into European industrial and logistics networks could support the processing, transport and circulation of raw materials within an enlarged single market.

Overall, while the individual countries' reserves may be relatively modest, collectively (with the exception of Serbia), the Western Balkan countries and Eastern Trio have the potential to increase the EU's critical raw material base. However, the EU's engagement with candidate countries should not be driven solely by access to critical raw materials, nor should strategic economic interests come [at the expense](#) of the EU's fundamental values. Instead, enlargement should foster a mutually beneficial partnership. For the EU, this would imply enhancing its economic security through more diversified and resilient sources of critical materials. The candidate countries should benefit from sustainable economic development, by upholding high environmental, social and governance standards for their mining industries.

If, however, the enlargement process loses momentum, there is a greater risk of strategic investment in these resource-rich candidate countries being captured by competing geopolitical actors. The [Ukraine–US minerals agreement](#) illustrates the intensifying global competition for access to critical raw materials, and the strategic importance of making these resources part of the European economic space.

IMPROVING CONNECTIVITY

The EU's [Global Gateway strategy](#) with its Cross-regional Connectivity Agenda explicitly links transport, energy and digital infrastructure because competitiveness depends on the reliability of all three systems working together. Enlargement offers the opportunity to scale up the EU's connectivity by integrating the Western Balkans and Eastern Trio into a common framework for these systems. Along with improving resilience and efficiency, this would extend the strategic reach of the EU.

In transport, the EU's candidate countries are already part of the EU's [Trans-European Transport Network](#) (TEN-T). Their EU accession would further streamline infrastructure planning, financing and interoperability while reducing customs delays and regulatory fragmentation. Modernising rail and road corridors, expanding Green Lanes, digitalising customs procedures and improving border infrastructure would shorten transport times and lower logistics costs. In the Western Balkans alone, trucks currently lose [around 26 million hours](#) each year at border crossings, illustrating the competitiveness gains that could be achieved through deeper integration.

Ukraine also illustrates the transformative potential of connectivity. The establishment of [EU–Ukraine Solidarity Lanes](#) has demonstrated how improved transport links can sustain and even expand trade despite ongoing full-scale war. At the same time, it also shows the

need for investment in rail interoperability, border infrastructure and logistics capacity, without which the benefits of connectivity cannot be fully reaped.

The geographical position of the candidate countries is also a wider strategic opportunity for the EU. The Western Balkans ease central Europe's access to the Adriatic, Ionian, Aegean and Eastern Mediterranean ports. Ukraine, Moldova and Georgia extend the north-south and east-west links with the Black Sea, the South Caucasus and Central Asia.

These connections are particularly important for the development of the Trans-Caspian International Transport Route, which could lead to a [reduction in freight transit time of over 50%](#). As trade along this corridor has expanded rapidly since 2022, enlargement would help anchor its development within the EU's regulatory, investment and technical standards, supporting implementation of the EU's new [Black Sea strategy](#) and providing more alternatives to vulnerable maritime and land transport routes.

Energy connectivity provides another important competitiveness dividend. [The synchronisation](#) of the Ukrainian and Moldovan electricity grids with continental Europe in 2022 demonstrated the critical importance of integrated energy systems. Besides increasing the flexibility of the European electricity market, Ukraine contributes substantial [gas-storage capacity](#) and valuable operational expertise in maintaining energy infrastructure under wartime conditions. Other candidate countries bring considerable renewable-energy potential, which is vital for the EU's sustainable development.

[Digital connectivity](#) is another strategic component of EU competitiveness. Secure fibre-optic networks, robust data infrastructure, common cybersecurity standards and reliable communication networks are essential for the functioning of the EU's economy. Integrating the Western Balkans and Eastern Trio could forge new digital links between Europe, the Black Sea region, the South Caucasus and Central Asia.

For Ukraine and Moldova, deeper integration into European digital networks would reinforce their role as secure partners in the EU's eastern neighbourhood. Georgia's strategic position could contribute to alternative digital routes connecting Europe with wider Eurasian markets. Enlargement could thus bring to the EU all the knowhow of the candidate countries, particularly of Ukraine, on successful digital transformation and resilience, while extending its borders of secure connectivity corridors.

As competitiveness relies on the reliable movement of not only goods but also energy and data, enlargement would transform today's external border infrastructure into an integrated, European connectivity network. The combined effect would be faster trade, lower transaction costs, diversified supply chains and a stronger geopolitical position for the enlarged EU. If transport corridors remain fragmented, energy systems isolated or digital networks insecure, candidate countries risk becoming bottlenecks rather than gateways for the EU's global outreach.

ENHANCING SECURITY AS A FOUNDATION OF COMPETITIVENESS

Competitiveness increasingly depends not only on productivity and market access, but also on the ability to operate in a secure environment. Geopolitical instability, hybrid threats, political interference, organised crime and insecure borders raise risk premiums, discourage long-term investment and disrupt economic activity.

Russia's full-scale invasion of Ukraine has transformed EU enlargement from primarily an economic and institutional process into a central element of Europe's security architecture. The war has demonstrated that insecurity in the EU's neighbourhood does not remain external to the EU; it generates direct economic and strategic costs for EU consumers and businesses. The disruption of energy supplies, inflationary pressures, threats to food security, the need to diversify away from Russian dependencies and the unprecedented financial, humanitarian and military support provided to Ukraine have all shown that instability carries major costs for the EU.

According to [estimates](#), from January 2022 to April 2026, the EU and its Member States committed up to EUR 327 billion in financial, humanitarian and military aid, with over EUR 181 billion already allocated (see Table 1). The EU's strategic ambiguity over Ukraine's European future illustrates that unresolved geopolitical grey zones and prolonged uncertainty can generate far greater political, economic and security costs than integration.

Table 1. EU total aid to Ukraine from January 2022 to April 2026 (billion EUR)

	Financial commitments	Humanitarian commitments	Military commitments	Total bilateral commitments	Financial allocated	Humanitarian allocated	Military allocated	Total bilateral allocated
EU members and institutions	137.03	16.37	173.36	326.76	87.34	14.86	79.17	181.37
EU members	9.51	13.16	113.36	136.04	6.13	11.65	79.17	96.94
EU institutions	127.51	3.21	60.00	190.72	81.21	3.21	0.00	84.43
European Investment Bank	3.17	0.00	0.00	3.17	3.17	0.00	0.00	3.17
EU (Commission and Council)	124.35	3.21	60.00	187.56	78.05	3.21	0.00	81.26

Source: author's compilation based on the Ukraine Support Tracker by Trebesch, et al. (2023), [The Ukraine Support Tracker: which countries help Ukraine and how?](#) Kiel Working Paper, No. 2218, 1-75.

Enlargement could therefore be understood as a preventive investment: by integrating countries that are strategically important for Europe's security, the EU could reduce future vulnerabilities rather than responding to crises after they emerge.

Future members could also contribute significant security assets to the enlarged EU. Ukraine represents a unique case. It has extensive battlefield experience and a [fast-growing](#) and innovative defence sector, with estimated production capacity of [USD 55 billion](#) – 55 times higher than at the start of the full-scale invasion. This makes the country the [fastest and cheapest](#) producer of weapons in Europe.

Ukraine also holds frontier expertise in areas such as [drones](#), [cyber defence](#) and [battlefield innovation](#). A hallmark of this competitiveness is the country's uncrewed systems ecosystem, with a targeted production capacity [of 7 million drones](#) in 2026. By comparison, the US drone system envisages producing around [200 000 drones](#) by the beginning of 2027. According to the [Pentagon](#), the US defence industry may take years to catch up with Ukraine's wartime output. Ukraine also brings the largest and most battle-tested [armed forces](#), which already represent Europe's first line of defence.

Its accession would strengthen European security as well as the EU's defence-industrial capacity by creating opportunities for joint production, innovation and technological development. The Western Balkans, Moldova and Georgia would bring strategic geographical positions, experience in regional security cooperation and border management capabilities, and contribute to cyber resilience and critical infrastructure protection.

CONCLUSIONS AND POLICY RECOMMENDATIONS

The debate on enlargement has traditionally focused on what candidate countries stand to gain from EU membership. This policy brief has argued that the question should be reversed: how could enlargement strengthen the EU's own competitiveness?

This question has become more pressing as Europe's economic model comes under growing strain from existential security threats that call for more investment in security and defence, coupled with weak productivity growth, fragmented markets and demographic decline. Investment is also needed for green and digital transformation. These factors, along with intensifying competition from the other geopolitical players and heightened geopolitical tensions, all point to the same issue: Europe requires a larger, more integrated and more resilient single market. As the Draghi and Letta reports argue, completing and deepening the single market has become a strategic necessity. The next enlargement should be viewed as part of that very objective.

The evidence reviewed in this brief suggests that enlargement could strengthen EU competitiveness through multiple, mutually reinforcing channels. It could expand the single market, improve the business environment and predictability, and reinforce regional value chains. Gains would accrue from nearshoring, an enlarged talent pool, more digital innovation, diversified access to critical raw materials, and increased transport, energy and digital connectivity. Finally, enlargement could strengthen Europe's overall security and economic resilience.

Taken together, these benefits would do more than simply increase the size of the European economy. They would improve its capacity to innovate, attract investment, withstand geopolitical shocks and compete globally.

None of these gains, however, is automatic. Experience of the 2004 big bang enlargement demonstrates that the biggest economic benefits resulted not from accession alone but from deep integration well before the actual date of EU accession. This occurred through pre-enlargement alignment with the EU *acquis*, institutional reforms, market liberalisation, infrastructure investment and participation in European value chains.

Like in previous rounds of EU enlargement, pre-enlargement EU funding, with strict conditionality, will be crucial to assist the candidate countries in undertaking all the reforms. To this end, the competitiveness dividend of the next enlargement will likewise depend on preserving a credible, merit-based accession process while progressively integrating candidate countries into the single market.

By contrast, a loss of enlargement momentum would risk foregoing all the potential benefits and simultaneously encourage competing geopolitical actors to deepen their economic presence in the Western Balkans and Eastern Trio. The EU's influence over its immediate neighbours would reduce, as it would in two regions that are ever more important for its long-term prosperity, security and strategic autonomy.

POLICY RECOMMENDATIONS

- 1) **Make enlargement an integral part of the EU's competitiveness strategy.** The EU should treat enlargement as integral to its long-term competitiveness. As it already recognises enlargement as part of building a stronger, more secure and more competitive Europe, the next step should be making these statements operational. EU policies and strategies on competitiveness, security and defence, energy, connectivity and skills should explicitly identify enlargement and the integration of candidate countries as instruments for achieving the EU's strategic objectives. The EU's investment in candidate countries should be recognised as investment in the future competitiveness of the EU itself, rather than as external assistance.

As the potential competitiveness gains of the next EU enlargement remain largely absent from the current debate, the European Commission should commission a high-level strategic review – similar in ambition to the Draghi and Letta reports. The review should systematically assess how the next enlargement could contribute to the EU's long-term competitiveness. Its findings should inform and contribute to future EU strategies on competitiveness and on industrial and economic security.

- 2) **Maximise the competitiveness gains of enlargement through pre-accession integration.** The EU should accelerate investment in those areas where enlargement could generate the greatest long-term returns for its competitiveness. Priority should be given to strategic infrastructure, including the TEN-T network, the Black Sea region, the Middle Corridor, energy interconnections and secure digital infrastructure. In line with European environmental and governance standards, the EU should promote the sustainable development of value chains for critical raw materials in candidate countries, from extraction and processing to refining and manufacturing. This would strengthen Europe's strategic autonomy and reduce dependencies on external suppliers.

At the same time, the EU should accelerate the integration of its candidate countries into European supply chains, industrial ecosystems and labour markets before their formal accession. Earlier economic integration would enable European businesses to benefit from nearshoring and brain-circulation opportunities, more resilient supply chains and the competitiveness gains of enlargement once accession takes place.

Security and defence cooperation should also deepen alongside economic integration, particularly with Ukraine. The country's battlefield-tested expertise in defence-industrial production and innovation could enhance EU defence capabilities, industrial competitiveness and economic resilience before accession.

- 3) **Preserve a credible, merit-based accession process.** The EU should maintain strict conditionality while rewarding measurable reform progress through earlier market access, targeted investment and participation in EU policies and programmes. A credible accession process is not only essential for ensuring that future members strengthen rather than weaken the EU; it is also the most effective way of anchoring the Western Balkans and Eastern Trio within Europe's economic, regulatory and strategic sphere at a time of intensifying global competition.

A merit-based process runs two ways, applying to the EU as well. The EU should ready itself for enlarging by bringing forward internal reforms and doing its homework to deepen as it widens. To this end, a long overdue proposal by the European Commission for [pre-enlargement reforms and policy reviews](#) will be critical.



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