The Mutual Industrial Resilience Program

18 MAY 2026

Yana Yarmolynska

The Mutual Industrial Resilience Program (EU Strategic Talent & Supply Chain Shield)

proposes a fundamental shift in the European Union's enlargement policy, transforming it from a politically driven process supported by financial aid into a strategic instrument for industrial security. The current model of EU enlargement no longer corresponds to the structural challenges facing Europe. While it continues to emphasize political convergence and economic assistance, the EU is simultaneously confronted with far more urgent issues: deep dependency on Asian supply chains, particularly China, a growing shortage of skilled labor due to demographic decline, and increasing vulnerability to geopolitical disruptions. At the same time, candidate countries are still treated primarily as future beneficiaries of cohesion funds rather than as immediate contributors to European industrial resilience. This creates a structural contradiction: the EU urgently needs industrial capacity and workforce, while candidate countries possess both, yet integration remains slow and fragmented. Without a systemic shift, Europe risks maintaining strategic vulnerability in key sectors such as energy, microelectronics, and battery production. The cost of inaction is therefore higher than the cost of integration.

At the core of this proposal lies a single central instrument – the EU Industrial Resilience Facility (EIRF) – designed as a financial and operational mechanism to integrate candidate countries directly into EU industrial value chains. With a proposed budget of €30 billion for the period 2027-2034, the Facility would be jointly administered by the European Commission and the European Investment Bank (EIB). Its structure combines three key financial tools: targeted grants for industrial infrastructure, investment guarantees to reduce private sector risk exposure, and blended finance mechanisms that leverage both public and private capital. Unlike traditional funding instruments, the EIRF is conditional: financial support is provided only to projects that are structurally embedded within EU supply chains, comply with European regulatory standards, and involve participation of EU-based industrial actors. This ensures that investments

do not remain isolated but become integral components of the European economic system.

A critical barrier to such integration is political risk, which remains the primary deterrent for large-scale industrial relocation. Investors are less concerned with efficiency gaps than with exposure to war-related damage, expropriation, or sudden regulatory changes. To address this, the program introduces a reinforced political risk insurance mechanism administered by the European Investment Bank. This mechanism would cover up to 70% of investment risks, including losses resulting from armed conflict, government expropriation, or regulatory

instability. Its funding model combines EU budget resources with private sector contributions, ensuring both credibility and scalability. This instrument is not merely supportive but foundational: without risk guarantees, no serious industrial relocation will take place. By directly mitigating uncertainty, the mechanism unlocks private capital flows into candidate countries at a scale that traditional aid instruments cannot achieve.

Human capital is treated within this framework not as a social dimension but as a core component of industrial infrastructure. Europe's demographic decline is already constraining economic growth, particularly in technical sectors, while candidate countries possess a young, skilled, and underutilized workforce. To bridge this gap, the program establishes a scalable system of Joint Vocational Degree (JVD) networks. These consist of regional training hubs operating under EU standards and developed in partnership with major industrial actors such as Siemens and Bosch. With a projected capacity of 50,000 students annually, the system is based on a dual education model combining training with direct employment pathways in EIRF-supported industries. Diplomas are automatically recognized across the EU, but the system is designed to anchor employment locally. The underlying principle is clear: talent retention is not a social policy but an industrial necessity. By relocating high-quality jobs rather than labor, the program reverses traditional migration patterns and reduces pressure on EU labor markets.

To ensure practical applicability, the proposal is anchored in concrete industrial deployment cases. One example is the development of a battery production cluster in Western Ukraine, integrated into European electric vehicle supply chains and supplying manufacturers in Germany and Central Europe. This project would be supported through a combination of EIRF grants and political risk guarantees, creating a secure environment for industrial investment. Another example is the establishment of a hydrogen corridor between Poland and Ukraine, aimed at developing joint infrastructure for hydrogen transport and storage while supporting the EU's broader green transition strategy. These cases illustrate how candidate countries can function not as peripheral partners but as fully integrated components of European industrial systems.

Energy integration constitutes a further pillar of the program, as industrial expansion cannot occur without stable and affordable energy supply. The initiative therefore envisages the integration of candidate countries into the EU's energy system through joint gas and hydrogen storage facilities, participation in collective energy procurement mechanisms, and targeted investments in renewable energy infrastructure. This approach enhances both flexibility and resilience of the European energy system while ensuring that industrial clusters operate under competitive conditions.

The broader geopolitical outcome of the program is the creation of an "industrial security belt" around the European Union. By embedding candidate countries into critical production and energy networks, the EU establishes a system of positive interdependence in which the stability of these countries becomes directly linked to the economic security of existing member states.

If essential components for European industries are produced in cities such as Kyiv or Chisinau, their stability is no longer a peripheral concern but a core strategic priority. In this model, economic integration effectively precedes political accession, accelerating the enlargement process through material interdependence rather than formal commitments.

Failure to implement such a strategy carries significant risks. Continued reliance on Chinese supply chains leaves the EU exposed to external shocks and political leverage. The absence of structured investment mechanisms increases the likelihood of inefficient or misused reconstruction funding in candidate countries. At the same time, lack of local economic opportunities drives uncontrolled labor migration into the EU, exacerbating social and political tensions. The proposed program directly addresses these risks by replacing passive financial assistance with targeted, conditional, and strategically aligned integration tools.

In conclusion, EU enlargement must evolve from a political promise into a core industrial security strategy. The Mutual Industrial Resilience Program provides a coherent framework to achieve this transformation by combining a central financial instrument, effective risk mitigation, workforce development, and geopolitical alignment. Rather than framing enlargement as a unidirectional process of support, this approach positions it as a mutually beneficial system of integration that strengthens the economic resilience and strategic autonomy of the European Union.