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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL DECISION authorising enhanced cooperation on the
establishment of a Loan for Ukraine

COUNCIL DECISION

of ...

authorising enhanced cooperation on the establishment of a Loan for Ukraine

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 329(1) thereof,

Having regard to the requests made by the Kingdom of Belgium, the Republic of Bulgaria, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Republic of Finland and the Kingdom of Sweden,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament¹,

¹ Official Journal C, ..., ELI: ...

Whereas:

- (1) On 24 February 2022, the President of the Russian Federation announced a military operation in Ukraine, and Russia's armed forces began an unprovoked and unjustified military aggression against Ukraine. That illegal war of aggression is a blatant violation of the territorial integrity, sovereignty and independence of Ukraine, as well as a violation of the prohibition on the use of force enshrined in Article 2(4) of the Charter of the United Nations, which is a peremptory rule of international law, and of the other principles of that Charter.

- (2) Since the beginning of Russia’s unprovoked and unjustified war of aggression, the Union, its Member States and European financial institutions have mobilised unprecedented support for the economic, social, financial and defence resilience of Ukraine. That support combines support from the Union budget, in particular by means of macro-financial assistance pursuant to Regulation (EU) 2022/2463 of the European Parliament and of the Council (macro-financial assistance +)², the Ukraine Facility pursuant to Regulation (EU) 2024/792 of the European Parliament and of the Council³ and the Ukraine Loan Cooperation Mechanism (ULCM) pursuant to Regulation (EU) 2024/2773 of the European Parliament and of the Council⁴, and by means of support from the European Investment Bank and the European Bank for Reconstruction and Development, fully or partially guaranteed by the Union budget, as well as further financial support by Member States.

² Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument for providing support to Ukraine for 2023 (macro-financial assistance +) (OJ L 322, 16.12.2022, p. 1, ELI: <http://data.europa.eu/eli/reg/2022/2463/oj>).

³ Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility (OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>).

⁴ Regulation (EU) 2024/2773 of the European Parliament and of the Council of 24 October 2024 establishing the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine (OJ L, 2024/2773, 28.10.2024 p.1, ELI: <http://data.europa.eu/eli/reg/2024/2773/oj>).

- (3) On 9 September 2025, Ukraine submitted an official request to the International Monetary Fund (IMF) for a new programme to cover its additional financing needs for the period 2026 to 2029. That programme would, if implemented, follow the successful implementation of the existing IMF programme, pursuant to which Ukraine has completed eight reviews, while taking into account the continuation of Russia’s war of aggression. The IMF’s ability to proceed with the new programme is contingent upon receiving sufficient financing assurances from other partners, including the Union.
- (4) On 23 October 2025, 26 Member States committed to addressing Ukraine’s pressing financial needs for the period 2026 to 2027, including those relating to its military and defence efforts. Those Member States also underlined the critical need to ensure that Ukraine remains resilient and has the budgetary and military means to continue to exercise its inherent right of self-defence and to counter Russia’s war of aggression, and reaffirmed that the Union will continue to provide, in coordination with like-minded partners and allies, comprehensive political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people. Those Member States further concluded that all military support as well as security guarantees for Ukraine will be provided in a manner that fully respects the security and defence policies of certain Member States and that takes into account the security and defence interests of all Member States. The 26 Member States also agreed that, subject to Union law, Russia’s assets should remain immobilised until Russia ceases its war of aggression against Ukraine and compensates Ukraine for the damage caused by its war, and they invited the Commission to present options for financial support to Ukraine. On the same date, the European Council concluded that Russia’s war of aggression against Ukraine and its repercussions for European and global security in a changing environment constitute an existential challenge for the Union.

- (5) The financial situation of Ukraine requires that the disbursement of Union financial assistance take place in the second quarter of 2026 at the latest. To that end, the Commission submitted on 3 December 2025 a package of proposals, including a proposal for a regulation of the European Parliament and of the Council establishing the Reparations Loan to Ukraine and a proposal for a regulation amending Council Regulation (EU, Euratom) 2020/2093⁵. Taken together, those proposals offered two options for addressing Ukraine's pressing financial needs for the period 2026 to 2027. The proposal to amend Regulation (EU, Euratom) 2020/2093 was made in order to allow the mobilisation of the necessary appropriations in the Union budget for financial assistance to Ukraine over and above the ceilings of the multiannual financial framework set out in that Regulation. Absent that amendment being made, the contingent liabilities arising from the Reparations Loan to Ukraine were to be supported by guarantees to be given by Member States on a voluntary basis.
- (6) On 12 December 2025, the Council adopted Council Regulation (EU) 2025/2600⁶, which was also part of the package of proposals submitted by the Commission on 3 December 2025.

⁵ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I 22.12.2020, p. 11, ELI: <http://data.europa.eu/eli/reg/2020/2093/oj>).

⁶ Council Regulation (EU) 2025/2600 of 12 December 2025 on emergency measures addressing the serious economic difficulties caused by Russia's actions in the context of the war of aggression against Ukraine (OJ L, 2025/2600, 13.12.2025, ELI: <http://data.europa.eu/eli/reg/2025/2600/oj>).

- (7) Following the submission by the Commission of the package of proposals on financial assistance to Ukraine, intensive consultations took place in the Council on the elements of that package, in particular the proposal for a regulation establishing the Reparations Loan to Ukraine, and the proposal for a regulation amending Regulation (EU, Euratom) 2020/2093. It appeared from those consultations that amending Regulation (EU, Euratom) 2020/2093 in order to allow the contingent liabilities linked to support to Ukraine to be backed by mobilising the necessary appropriations in the Union budget over and above the ceilings of the multiannual financial framework was an important element for some Member States and a condition of their support to the Reparations Loan to Ukraine. However, certain Member States were reluctant to support the possible expenditure entailed by such appropriations and the contingent liabilities connected with that loan.
- (8) In its conclusions of 18 December 2025, the European Council agreed to provide a loan to Ukraine of EUR 90 billion for the years 2026 to 2027 based on Union borrowing on the capital markets backed by the Union's budget headroom. The European Council's conclusions also set out that by means of enhanced cooperation pursuant to Article 20 of the Treaty on European Union (TEU) in respect of an instrument based on Article 212 of the Treaty on the Functioning of the European Union (TFEU), any mobilisation of resources of the Union's budget as a guarantee for that loan will not have an impact on the financial obligations of the Czech Republic, Hungary or Slovakia.

- (9) After 3 December 2025, the preparatory bodies of the Council, including Coreper, met on several occasions with the aim of agreeing on the set of acts proposed by the Commission, including on the proposal for a regulation establishing the Reparations Loan to Ukraine and the proposal for a regulation amending Regulation (EU, Euratom) 2020/2093. On 19 December 2025, Coreper acknowledged the impossibility of achieving within a reasonable period the objective of the loan through the Commission's proposed package of legislative and legal acts involving the Union as a whole. That assessment took into account the urgent need for financial assistance to Ukraine. It also established that an instrument to provide a loan to Ukraine, and the amendments to Regulation (EU, Euratom) 2020/2093 such an instrument would require, can only be agreed, as a last resort, through a combination of unanimous agreements on the proposal for a regulation amending that Regulation and a decision authorising enhanced cooperation on the establishment of the loan to Ukraine pursuant to Article 212 TFEU, while the expenditure resulting from the implementation of that act, other than the administrative costs for the institutions, is borne by the participating Member States in accordance with Article 332 TFEU.

- (10) On 20 December 2025, the Kingdom of Belgium, the Republic of Bulgaria, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Republic of Finland and the Kingdom of Sweden addressed a joint letter to the Commission requesting it to submit a proposal to the Council for a decision authorising enhanced cooperation that has as its objective and scope to provide a loan to Ukraine of EUR 90 billion for the years 2026 to 2027 based on EU borrowing on the capital markets backed by the EU budget headroom by giving effect to paragraphs 3 and 4 of the European Council conclusions (EUCO 24/25) as well as paragraph 8 of the text on Ukraine firmly supported by 25 Head of States or Governments (EUCO 26/25).
- (11) Financial assistance to third countries pursuant to Article 212 TFEU is not an exclusive competence of the Union pursuant to Article 3(1) TFEU. The provision of financial assistance to Ukraine by means of enhanced cooperation in line with the modalities envisaged by the European Council in its conclusions of 18 December 2025 therefore falls within the framework of the Union's non-exclusive competence.

(12) The enhanced cooperation authorised by this Decision supports various objectives which will reinforce the Union's integration process in accordance with Article 20(1) TEU. First, providing financial assistance to Ukraine contributes to the objectives of the Union as set out in Article 3 TEU, in particular to peace and security in the Union and in the world, as well as to the sustainable development of Europe based, inter alia, on balanced economic growth and price stability. Financial assistance to Ukraine mitigates the effects of Russia's actions on the security and economy of the Union and its neighbourhood. The defeat of Ukraine would increase the risk of aggression by Russia against one of the Member States or a country in the neighbourhood of Ukraine, including candidate countries, and have direct and indirect repercussions for the security and economic situation in the Union. The repercussions for the Union's economy of Russia's aggression would be even more severe if Ukraine were unable to support the fiscal efforts necessary for the continuation of its war effort. Second, as Ukraine is a candidate for accession to the Union, Union support is a strategic investment in peace, security, stability and prosperity in Europe and better positions it to address global challenges while contributing to the implementation of Regulation (EU) 2024/792, in particular through rule-of-law reforms, public-administration reform and the strengthening of democratic institutions, which are key fundamentals for accession.

Third, providing financial assistance to Ukraine benefits the internal market and provides increased economic and trade opportunities for the mutual benefit of the Union and Ukraine, while supporting a gradual transformation of that country, including through the implementation of the Ukraine Plan as amended by Council Implementing Decision (EU) 2025/2157⁷. Fourth, the Union is confronted by a stark deterioration in its security context, linked not only to the persistent threat of Russia and its intensified shift to a war-time economy and the evolution of the war in Ukraine, but also to uncertainties stemming from the advent of a geopolitical situation in which the Union has to markedly step up its efforts to ensure its defence autonomously. In that context, providing financial assistance to Ukraine supports objectives that are beneficial for the reinforcement of the European defence and technological industrial base in the context of Union instruments and programmes promoting defence industrial cooperation with Ukraine, in particular Council Regulation (EU) 2025/1106⁸ and Regulation (EU) 202.../... of the European Parliament and of the Council which establishes the European Defence Industry Programme⁹⁺.

⁷ Council Implementing Decision (EU) 2025/2157 of 17 October 2025 amending Implementing Decision (EU) 2024/1447 on the approval of the assessment of the Ukraine Plan (OJ L, 2025/2157, 27.10.2025, ELI: http://data.europa.eu/eli/dec_impl/2025/2157/oj).

⁸ Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument (OJ L, 2025/1106, 28.5.2025, p.39, ELI: <http://data.europa.eu/eli/reg/2025/1106/oj>).

⁹ Regulation (EU) 202.../... of the European Parliament and of the Council of ... establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP Regulation') (OJ L, ..., ELI:...).

⁺ OJ: Please insert in the text the year and serial number of the Regulation contained in document PE CONS 52/25 REV1 (2024/0061 (COD)) and insert in the corresponding footnote the year, serial number, date and publication reference for that Regulation.

- (13) The enhanced cooperation authorised by this Decision complies with the Treaties and Union law and is to be organised in a way which does not undermine the internal market or economic, social or territorial cohesion. It should also not constitute a barrier to, or a discrimination in, trade between Member States or distort competition between them.
- (14) The implementation of the enhanced cooperation authorised by this Decision requires expenditures other than administrative costs for the institutions and contingent liabilities linked to financial assistance provided through the Loan to Ukraine which are to be guaranteed over and above the ceilings of the multi-annual financial framework for financial assistance.
- (15) The enhanced cooperation authorised by this Decision is to respect the competences, rights and obligations of non-participating Member States. Non-participating Member States should not contribute to the financing of the expenditure of the enhanced cooperation or to the coverage of the guarantee for the contingent liabilities linked to the Loan to Ukraine. Therefore, non-participating Member States should be entitled to an adjustment in accordance with Article 11 of Council Regulation (EU, Euratom) No 609/2014¹⁰. That adjustment should cover the expenditure related to the enhanced cooperation authorised by this Decision and any call on the guarantee for contingent liabilities linked to the Loan to Ukraine.

¹⁰ Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (OJ L 168, 7.6.2014, p. 39, ELI: <http://data.europa.eu/eli/reg/2014/609/oj>).

- (16) The enhanced cooperation authorised by this Decision is open at any time to all Member States that want to participate in it under the terms set out in this Decision. Any newly participating Member State in the enhanced cooperation should contribute to the financing of the expenditure of the enhanced cooperation from the date on which the participation of that Member State becomes effective pursuant to Article 331(1) TFEU. Any newly participating Member State should also ensure coverage of the guarantee for contingent liabilities linked to support under the Loan to Ukraine entered into from the start of the enhanced cooperation by the Union, in view of the implementation of that Loan. To that end, that Member State should contribute, as of the date on which its participation becomes effective pursuant to Article 331(1) TFEU, with its proportionate share to any call on the guarantee for contingent liabilities, including calls related to contingent liabilities into which the Union has entered in the implementation of the enhanced cooperation, before that date,

HAS ADOPTED THIS DECISION:

Article 1

The Kingdom of Belgium, the Republic of Bulgaria, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Republic of Finland and the Kingdom of Sweden are hereby authorised to establish enhanced cooperation between themselves on the establishment of a Loan for Ukraine under the terms described in this Decision, by applying the relevant provisions of the Treaties.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at ..., ...

For the Council

The President
