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From: General Secretariat of the Council
To: Permanent Representatives Committee (Part 2)
Subject: Ad hoc Working Party on the use of frozen and immobilised assets to support Ukraine's reconstruction: extension of the duration of the mandate
- Approval

1. On 30-31 May 2022, the European Council expressed support for options in line with EU and international law being actively explored, including options aimed at using frozen Russian assets to support Ukraine's reconstruction.
2. On 20-21 October 2022, the European Council invited the Commission to present options in line with EU and international law aimed at using frozen Russian assets to support Ukraine's reconstruction.

3. On 14 February 2023, the Coreper approved, in doc. ST 6282/23, the establishment of an ad hoc Working Party on the use of frozen and immobilised assets to support Ukraine's reconstruction ("AHWP on Frozen and Immobilised Assets") to efficiently address the cross-sectoral subject matters concerning the use of frozen and immobilised Russian assets in line with EU and international law to support Ukraine's reconstruction, including preparatory work on the legal, financial, economic and political analysis of the feasibility of such use, examination of any relevant proposals and initiatives and preparation and follow-up of discussions with international partners.
4. In 2023 the AHWP on frozen and immobilised assets met 7 times during the Swedish presidency 7 times during the Spanish presidency.
5. In 2024 the AHWP on frozen and immobilised assets met 5 times during the Belgian presidency and 3 times during the Hungarian presidency.
6. In 2024 the AHWP on frozen and immobilised assets discussed proposals to amend the regime of restrictive measures against Russia in order to first put aside and subsequently use for the benefit of Ukraine the windfall revenues from the immobilisation of Russian sovereign assets in the EU. Following these discussions, the Council adopted, on 12 February 2024, a Council Decision and a Council Regulation¹ (the so called Step 1 acts) providing that the net profits of the central securities depositories (CSD) concerned, ensuing from extraordinary windfall revenues may not be disposed of. On 21 May 2024 the Council adopted two Council Decisions and a Council Regulation² (the so called Step 2 acts) that established a financial contribution by the CSDs (consisting of a significant part of the net profits concerned) and allocated it to the European Peace Facility (90%) and to the EU budget (10%).

¹ Council Decision (CFSP) 2024/577 of 12 February 2024 amending Decision 2014/512/CFSP, concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine; and Council Regulation (EU) 2024/576 of 12 February 2024 amending Regulation (EU) No 833/2014

² Council Decision (CFSP) 2024/1470 of 21 May 2024 amending Decision 2014/512/CFSP, concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine; Council Decision (CFSP) of 21 May 2024 on the allocation of the amounts of the financial contribution paid to the European Peace Facility pursuant to Decision (CFSP) 2024/1470; and Council Regulation (EU) 2024/1469 of 21 May 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine

7. On 23 July 2024 the Commission collected the first instalment of the financial contribution from the CSDs concerned. 90% of the financial contribution was made available to the European Peace Facility (EPF) and 10% to the Ukraine Facility, to support respectively Ukraine's military and reconstruction needs.
8. Finally, following discussions at the AHWP on frozen and immobilised assets and at Coreper, on 28 October 2024, the Council adopted a Council Implementing Decision and a Council Implementing Regulation³ (the so called Step 3 acts) to amend the allocation of the financial contribution. 95% of the contribution was allocated to the EU budget, namely, to the Ukraine Loan Cooperation Mechanism, established by Regulation (EU) 2024/2773 in the context of the Extraordinary Revenue Acceleration loans agreed by G7 leaders, and 5% to the EPF.
9. On 19 December 2024 European Council reiterated in its conclusions its resolute condemnation of Russia's war of aggression against Ukraine, and reconfirmed "*the European Union's unwavering commitment to providing continued political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people for as long as it takes and as intensely as needed*". Moreover, the European Council also stated that "*the European Union remains ready to step up pressure on Russia, including by adopting further sanctions. Subject to EU law, Russia's assets should remain immobilised until Russia ceases its war of aggression against Ukraine and compensates it for the damage caused by this war*".
10. In view of all the aspects mentioned above, including most notably the December 2024 European Council conclusions, the AHWP on frozen and immobilised assets may need to continue to discuss measures to step up pressure on Russia and to support Ukraine's reconstruction, in line with EU and international law.
11. The current note proposes the extension of the duration of the mandate of the AHWP on Frozen and Immobilised Assets, as set out in the Annex to doc. ST 6282/23, by another two years. The AHWP will continue to draw on the expertise of delegates working in the relevant areas, as appropriate. The expertise of other institutions of the Union, such as the European Central Bank, or international organisations, other stakeholders and experts may also be sought, as

³ Council Implementing Decision (CFSP) 2024/2760 of 24 October 2024 implementing Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine; Council Implementing Regulation (EU) 2024/2761 of 24 October 2024 implementing Regulation (EU) No 833/2014

appropriate. The mandate of the AHWP on Frozen and Immobilised Assets may be updated or revised, including its duration, as necessary.

12. In view of the above, the Permanent Representatives Committee is invited to approve:

- the extension of the duration of the mandate of the *ad hoc* Working Party on the use of frozen and immobilised assets to support Ukraine's reconstruction (AHWP on Frozen and Immobilised Assets), as set out in the Annex to doc. ST 6282/23, by another two years.