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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

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 31(2) thereof,

Having regard to Council Decision 2014/512/CFSP of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine [1], and in particular Article 1a(11), second subparagraph, thereof,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy,

Whereas:

(1) On 31 July 2014, the Council adopted Decision 2014/512/CFSP.

(2) On 21 May 2024, the Council adopted Decision (CFSP) 2024/1470 [2]. Decision (CFSP) 2024/1470 amended Decision 2014/512/CFSP and established a financial contribution due to the Union by central securities depositories that hold reserves and assets of the Central Bank of Russia with a total value of more than EUR 1 million, equivalent to 99,7 % of net profits ensuing from the unexpected and extraordinary revenues accruing to those depositories since 15 February 2024 as a result of the implementation of restrictive measures, in particular the prohibition laid down in Article 1a(4) of Decision 2014/512/CFSP and Article 5a(4) of Council Regulation (EU) No 833/2014 [3].

(3) The financial contribution introduced by Decision (CFSP) 2024/1470 is to be directed to Ukraine, as Russia's war of aggression against it has caused tremendous damage in Ukraine, with estimated recovery and reconstruction costs of EUR 452,8 billion as of 31 December 2023. Moreover, Ukraine has lost access to international financial markets and experienced a significant drop in public revenue, while public expenditure has increased substantially. Against that background, substantive funding needs for the coming years can be foreseen.

(4) On 30 March 2023, the International Monetary Fund (IMF) agreed with Ukraine a USD 15,6 billion four-year programme under the Extended Fund Facility to sustain economic and financial stability at a time of exceptionally high uncertainty, restore debt sustainability, and promote reforms that support Ukraine's recovery in the post-war period. The baseline total financing gap over the IMF programme period is estimated by the IMF at USD 121,9 billion.

(5) Given the continued intensity of the war, and the damage to Ukraine's critical civilian infrastructure from increased large-scale attacks by Russia, Ukraine needs to mobilise significant additional resources for its budgetary and long-term recovery and reconstruction priorities. Given that a residual financing gap remains over and above the resources already provided by the Union, other donors and international financial institutions, including the IMF, the Union should continue to provide an appropriate response.

(6) In its conclusions of 27 June 2024, the European Council reiterated its previous conclusions on continued support for Ukraine's independence, sovereignty and territorial integrity within its internationally recognised borders and reconfirmed the Union's unwavering commitment to providing continued political, financial, economic, humanitarian, military and diplomatic support to Ukraine. It invited the Commission, the High Representative and the Council to take work forward, while addressing all relevant legal and financial aspects, in order to provide additional funding for Ukraine by the end of the year in the form of loans serviced and repaid by future flows of the extraordinary revenues. The loans are designed with a view to reaching approximately EUR 50 billion together with G7 partners as discussed by G7 Leaders, to support Ukraine's current and future military, budget and reconstruction needs. The European Council also stated that, subject to Union 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.

(1) OJ L 229, 31.7.2014, p. 13.
(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 (OJ L, 2024/1470, 22.5.2024, ELI: http://data.europa.eu/eli/dec/2024/1470/oj).
(3) Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 229, 31.7.2014, p. 1).

(7) A Ukraine Loan Cooperation Mechanism has therefore been established by Regulation (EU) 2024/2773 of the European Parliament and of the Council ([4]) to provide Ukraine with non-repayable financial support. That support is to be provided with a view to assisting Ukraine to repay exceptional macro-financial assistance in the form of a loan to be provided by the Union and additional eligible loans to be provided by G7 partners to support Ukraine's budgetary needs.

(8) In light of those developments, it is appropriate to review the allocation of the financial contribution set out in Article 1a(11) of Decision 2014/512/CFSP. That revision does not in any way affect the position of those Member States who have abstained in a vote and made a formal declaration in accordance with Article 31(1), second subparagraph, of the Treaty on European Union in the adoption of Council Decision (CFSP) 2024/1471 ([5]).

(9) The review of the allocation of the financial contribution should reflect the needs of the Ukraine Loan Cooperation Mechanism through the increased percentage allocated to Union programmes financed from the Union budget, while also giving due consideration to the military assistance needs of Ukraine.

(10) The reviewed allocation of the financial contribution should apply to the second biannual payment of the financial contribution made in the year 2025 and to all payments thereafter.

(11) Decision 2014/512/CFSP should therefore be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

In Article 1a(11), first subparagraph, of Decision 2014/512/CFSP, points (a) and (b) are replaced by the following:

'(a) European Peace Facility: 5 %;

(b) Union programmes financed from the Union budget: 95 %.'.

Article 2

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply to the second biannual payment of the financial contribution made in the year 2025 and to all payments thereafter.

Done at Brussels, 24 October 2024.

For the Council

The President

BÓKA J.

([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, ELI: http://data.europa.eu/eli/reg/2024/2773/oj).

([5]) Council Decision (CFSP) 2024/1471 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 (OJ L, 2024/1471, 22.5.2024, ELI: http://data.europa.eu/eli/dec/2024/1471/oj).