

War in Ukraine

EU budget dispute threatens €50bn war lifeline for Ukraine

Bloc's leaders embroiled in financial row that risks leaving Kyiv empty-handed at crucial moment in conflict



EU leaders and Ukraine's President Volodymyr Zelenskyy at a summit last month. Member states are far from a deal on topping up the bloc's joint budget, including €50bn for Ukraine © Le Pictorium/Alamy

Henry Foy and **Ben Hall** in Brussels and **Marton Dunai** in Budapest YESTERDAY

EU leaders risk leaving Ukraine empty-handed at a perilous moment in its war against Russia as divisions over finances threaten a €50bn lifeline for Kyiv and Hungary vows to thwart its EU membership talks.

Disputes within the EU over money and Ukraine's future are endangering crucial pledges to Kyiv made months ago — just when the flow of US financial and military support for [Ukraine](#) has abruptly stalled in a politically divided Congress.

EU member states are far from reaching a deal over topping up the bloc's [joint budget](#) — including €50bn for Ukraine — ahead of a summit in Brussels on December 14-15, said officials involved in the discussions.

EU efforts to reach a compromise are being hampered by the victory of a far-right party in last month's Dutch election and a recent German court ruling [curbing the government's borrowing](#). A budget agreement would be “very, very difficult”, a senior official said.

Meanwhile, the Biden administration's proposed \$60bn package is struggling to pass through Congress.

Hungarian Prime Minister Viktor Orbán on Friday again vowed to veto the start of

Ukraine's EU membership talks, telling public radio it was "contrary to the interests of several member states" and accession might only be possible "many years from now".

"We are in a good enough shape to dare say so, no matter the pressure we come under," he said.

A failure to approve long-term funding, a separate €20bn facility for weapons purchases and the start of accession negotiations would be a hammer blow to Kyiv after the failure of its summer counteroffensive and growing concern about faltering western support. Olha Stefanishyna, Ukraine's deputy prime minister, last week described the EU summit as an "existential moment" for her country.

"It is crucial that the continued support for Ukraine remains and that we Europeans play our role," Belgian Prime Minister Alexander De Croo told the Financial Times.

Ukraine has warned that the uncertainty over US and European support packages is putting the country's "macro-financial stability" at risk. The €50bn proposed by the EU is designed to keep Kyiv solvent to 2027.

"It is a moment of truth," said an EU official. "If you say you stand by Ukraine, you have to step up to the plate."

Germany and other states have vowed to give Brussels no additional funds beyond that required for Kyiv, while others are demanding extra cash for domestically sensitive issues such as migration.

Orbán also opposes the funding package. EU officials note that he has relented on Ukraine decisions before and are trying to assess whether he has a price for his support, including the release of some of the €22bn in EU funds [blocked by Brussels](#) over rule of law concerns.

EU officials last week indicated that the European Commission was close to unblocking up to €10bn for Budapest, as reforms enacted earlier this year had strengthened judicial independence.

However, Hungarian officials insist there is no link between Ukraine and the funds issue, and EU officials and diplomats say that this time the Hungarian leader seems more implacable.

"There's a lot of fog that needs to be lifted in the next weeks. And today there's so much fog that I don't see very far away what's coming," said De Croo.

Brussels' Ukraine funding has become a political football in a wider debate over the EU's budget priorities, due to the decision by the commission to combine the Kyiv support in a proposal with other funding requests to top up its 2021-27 budget.

The €50bn for Ukraine — made up of €17bn in grants and €33bn in loans — has been bundled up with requests for €15bn in new money for migration, €10bn for investments in “strategic technologies” and almost €19bn to pay off interest on the EU's joint borrowing.

At the last EU leaders' summit in October, German Chancellor Olaf Scholz dismissed the commission's calculations as “a comic”, according to multiple people briefed on the private debate.

Officials said EU negotiations over the budget were always going to be difficult but a compromise was still possible. A revised package is expected to be proposed before the summit.

“I think the doom and gloom around this issue is vastly over-exaggerated,” said one EU official involved in the discussions. “We are not going to allow Ukraine to experience a sovereign default.”

But resistance from finance ministries wary of additional spending has been stiffened by the decision of Germany's constitutional court striking down the use of pandemic emergency borrowing facilities for future green investment, and by the victory of far-right, anti-EU politician Geert Wilders in the Dutch election.

Additional reporting by Laura Dubois in Brussels

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