Council of the European Union

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NOTE

From:	General Secretariat of the Council
To:	Permanent Representative Committee 2
Subject:	Council Decision and Regulation concerning the extraordinary revenues stemming from immobilised Russian assets to support Ukraine - Preparation for adoption

I. INTRODUCTION

1. On 15 February 2023, the Permanent Representatives Committee set up an ad hoc Working Party on the use of frozen and immobilised assets to support Ukraine´s reconstruction ("AHWP on Frozen and Immobilised Assets").

2. Pursuant to its mandate, the AHWP on Frozen and Immobilised Assets is responsible for conducting preparatory work concerning the legal, financial, economic and political analysis of the feasibility of the use of frozen and immobilised Russian assets to support Ukraine's reconstruction, carrying out preparatory work on any relevant proposals and initiatives, and preparing and following-up of discussions with international partners.

3. Fourteen meetings of the AHWP on Frozen and Immobilised Assets took place during 2023. Seven meetings were conducted under the Swedish and seven under the Spanish Presidency. In 2024, the AHWP on Frozen and Immobilised Assets met five times during the Belgian Presidency.

4. On 12 February 2024, the Council adopted Council Decision 2024/577[1] and Council Regulation 2024/576[2], which required central securities depositories holding assets and reserves of the Central Bank of Russia with a total value exceeding EUR 1 million to account separately cash balances accumulating exclusively due to the restrictive measures, register separately revenues accruing from them and not to dispose of the ensuing net profits until the Council decided on a possible establishment of a financial contribution to be raised on those net profits to support Ukraine and its recovery and reconstruction.

5. On 20 March 2024, the High Representative of the Union for Foreign Affairs and Security Policy transmitted to the Council a proposal for a Council Decision amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (ST 8049/24). On the same day, the Commission together with the High Representative of the Union for Foreign Affairs and Security Policy transmitted the Council a joint proposal for a Council Regulation amending Council Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine (ST 8092/24 + ADD 1).

6. On 21 and 22 March, the European Council reviewed progress on the next concrete steps towards directing extraordinary revenues stemming from Russia’s immobilised assets for the benefit of Ukraine, including the possibility of funding military support, and invited the Council to take work forward on the proposals by the High Representative and the Commission.

7. The conclusions of the European Council meeting on 17-18 April European Council welcomed progress on the proposals to direct extraordinary revenues stemming from Russia’s immobilised assets for the benefit of Ukraine and called for their swift adoption.

[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 (OJ L, 2024/577, 14.2.2024).

[2] Council Regulation (EU) 2024/576 of 12 February 2024 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine (OJ L, 2024/577, 14.2.2024).

II. STATE OF PLAY

8. The Commission and the EEAS presented the proposals to the Permanent Representatives Committee on 27 March 2024 and to the AHWP on Frozen and Immobilised Assets on 8 April 2024.

9. The AHWP on Frozen and Immobilised Assets examined and exchanged views on the proposals on 8 April 2024. On this basis, together with the written comments submitted by delegations, the Presidency presented a compromise text to the AHWP, which was discussed by the members of the AHWP on 12 January 2024. On that basis, the Presidency prepared the compromise texts set out in documents (ST 8923/24) and (ST 8924/24 + ADD1).

10. The Permanent Representatives Committee discussed the Presidency compromise proposals set out in documents (ST 8923/24) and (ST 8924/24 + ADD1) on 15 April 2024. On that basis, the Presidency prepared the compromise texts set out in documents (ST 9582/24) and (ST 9584/24 +ADD1).

11. On 3 May 2024, the High Representative of the Union for Foreign Affairs and Security Policy transmitted to the Council a proposal for a Council Decision on the allocation of the amounts of the financial contribution paid to the European Peace Facility pursuant to Council Decision (CFSP) 2024/XX amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (ST 9646/24).

12. On 7 May, the AHWP examined and exchanged views on the Presidency compromise proposals set out in documents ST 9582/24 and ST 9584/24 + ADD1 and on the High Representative proposal set out in document ST 9646/24. On that basis, the Presidency prepared an additional compromise text in respect of the latter, as set out in document (ST 9583/24).

III. CONCLUSION

1. Against this background, the Permanent Representatives Committee is invited to discuss the Presidency compromise proposals for a:

a) Council Decision amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (ST 9582/24),

b) Council Decision on the allocation of the amounts of the financial contribution paid to the European Peace Facility pursuant to Council Decision (CFSP) 2024/XX amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (ST 9583/24), and

c) Council Regulation amending Council Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine, and its annex (ST 9584/24 + ADD1),

with a view to a possible adoption of the Presidency’s compromise texts, subject to legal linguistic revision.