



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC
COURTESY TRANSLATION

Christine LAGARDE
President

Mr André Rougé
Mr Christophe Bay
Mr Pierre Pimpie
Ms Angéline Furet
Mr Jean-Paul Garraud
Ms Valérie Deloge
Members of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 8 May 2026

L/CL/26/97

Re: Your letter (QZ-005)

Honourable Members of the European Parliament, dear Mr Rougé, Mr Bay, Mr Pimpie, Ms Furet, Mr Garraud and Ms Deloge,

Thank you for your letter, which was passed on to me by Ms Aurore Lalucq, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 6 March 2026.

The recently approved Ukraine Support Loan does not materially alter the EU's fiscal outlook or public debt sustainability. The €90 billion loan (about 0.5% of EU GDP¹) to cover Ukraine's financing needs for 2026-27 has only a limited impact on the EU's aggregate debt profile and debt service costs. The associated interest payments, estimated at about €3 billion (0.016% of EU GDP¹) per year from 2028 onwards, are covered by the EU budget and are modest when compared with the EU's overall financing plans and budget.²

¹ EU GDP shares are based on 2025 EU GDP.

² At a meeting of the European Parliament's Committee on Budgets on 5 February 2026, the Commissioner for Budget, Anti-Fraud and Public Administration, Piotr Serafin, quantified these debt service costs at around €1 billion for 2027 and around €3 billion per year from 2028.

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To put this into context, at the end of 2025, the EU's total outstanding debt stood at €738 billion (about 3.9% of EU GDP), and it is expected to rise further in view of the 2026 funding plan, which amounts to €160 billion. The Next Generation EU (NGEU) programme, with a total envelope of €637 billion, remains the primary use of these funds. From this perspective, the €90 billion Ukraine Support Loan represents a limited addition

This expanded borrowing capacity is matched by strong safeguards. All EU bonds are guaranteed by the "headroom" under the EU budget's own resources ceiling, set at 1.4% of EU gross national income (GNI) and temporarily expanded by 0.6% of EU GNI to cover NGEU borrowing.³ The European Commission has also developed a comprehensive risk management framework for its debt management operations and expects to borrow approximately €700 billion over the next five years to meet its funding obligations and to cover the rollover of existing debt.⁴ Against this background, the additional interest expenditure linked to the Ukraine Support Loan does not materially change the EU's medium-term budgetary position or significantly increase the fiscal burden borne by Member States through the EU budget.⁵

Joint borrowing by the EU has proven to be a highly effective tool in addressing shared challenges, particularly during times of significant economic pressure. While it naturally entails costs and repayment risks for Member States – like borrowing at the national level – it has reduced funding costs, especially for more indebted countries, and has been essential to address large common challenges that would otherwise have to be covered by national borrowing. It is for Member States to integrate the financial implications of EU debt-financed programmes into their medium-term fiscal planning, as well as overall objectives of ensuring compliance with EU fiscal rules, including maintaining long-term fiscal sustainability and promoting sustainable and inclusive growth.

Yours sincerely,

[signed]

Christine Lagarde

³ Budgetary headroom is the difference between the own resources ceiling (i.e. the maximum amount of resources that the Commission can ask Member States to contribute in a given year) and the funds that the Commission actually needs in order to cover the expenses provided for in the budget.

⁴ See the European Commission's [investor presentation](#).

⁵ The repayment of the principal is contingent on Russia providing war reparations, and the timeline and outcome of any negotiated settlement of the conflict are difficult to predict. As already mentioned, given the relative size of the loan in comparison with total EU borrowing, the use of the EU budget as the ultimate guarantor does not materially alter the EU's fiscal outlook.

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