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Europe needs strategic purpose matched with action

A €90bn Ukraine loan should mark the beginning of a more ambitious EU. EU leaders on Friday agreed to provide a €90bn loan to Ukraine raised through common borrowing after abandoning a more contentious and complex scheme using frozen Russian central bank assets. The two-year lifeline is undoubtedly good for Ukraine, giving it cash to sustain its fight against Russian aggression, purchase foreign arms and invest in its own weapons production. A failure to agree the funding would have undermined Ukraine's defences and its position in US-brokered peace talks with Moscow. It would have also shown the EU to be incapable of protecting its own security let alone of being the geopolitical actor it aspires to be.

Issuing common EU debt is a more straightforward way of helping Ukraine than tapping the Russian assets. But it also comes with disadvantages. It means European taxpayers paying the bill, not the Russian aggressor, and it creates a freeriding risk. Hungary, Slovakia and the Czech Republic, which oppose more aid for Ukraine, agreed to it in return for a carve-out. Others may demand the same treatment in the future.

Germany and other northern states pushed the Russian assets scheme because they were sceptical about the alternative of common borrowing. Unable to convince Belgium, where most of the frozen assets are held, they thankfully agreed to common debt as a plan B.

Although the EU got there in the end with its Ukraine lifeline, several months of equivocation and argument over the scheme have detracted from the message of resolve it wanted to send to Moscow and Washington. Even on an issue like Ukraine's survival, where Europe's strategic interests are clearly on the line, the bloc dithers, hamstrung by the need for consensus among 27 states.

In a fast-changing world, confronted by a threatening Russia, an antagonistic America and a voracious China, Europe needs to act with greater strategic purpose, speed and resolve. That means not just the EU. The same applies to the UK. The two have to work more closely together.

The top priority is economic growth, which is also the foundation of stronger defence. The EU has a reform blueprint in Mario Draghi's competitiveness report. It needs an ambitious action plan to implement it, agreed at the highest level. Brussels should focus its efforts on single-market integration and enforcement. Its forthcoming proposal for an EU-wide legal framework for innovative companies, known as the "28th regime", will be a measure of its intent.

Member states, too, must do their homework, reining in welfare costs and implementing productivity-enhancing reforms. Much will hinge on whether Germany's coalition government can agree on ambitious structural reforms and help reorient its industrial model.

The second priority is to speed up rearmament efforts to deter further Russian aggression and reduce Europe's security dependence on the US. European governments largely agree on the goal but many lack urgency or financial commitment.

If the EU is to be more effective and decisive it may need to resort to action through coalitions of the willing rather than all members in some areas. In others it should make greater use of centralised powers, such as the issuing of uniform EU regulations or majority decision-making. It will certainly require greater courage and risk-taking from EU leaders and their readiness to argue for the wider benefits of collective action over the protection of narrower special interests. It is going to be hard swimming against a rising tide of nationalist populism. But a weak and indecisive EU that is incapable of shaping its future will only embolden its foes — both within and without.