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The Euroclear Saga

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Prior to this, he witnessed firsthand the Maidan-revolution in 2014 and was present in Crimea during the annexation by Russia. He also reported after Maidan on the conflict in Eastern Ukraine from both sides.

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Introduction

The war triggered by Russian invasion of Ukraine has not only reshaped Europe’s security architecture; it has also exposed the strategic significance of financial infrastructures that had long operated in relative obscurity. Among these, Euroclear – a Brussels-based securities settlement system – has emerged as an unlikely geopolitical actor. Holding vast volumes of global financial assets, including a substantial share of immobilised Russian central bank reserves, Euroclear sits at the intersection of law, finance, and power.

This paper examines how a technical financial institution became central to one of the most contentious debates within the European Union: whether, and how, immobilised Russian sovereign assets can be mobilised to support Ukraine. The “Euroclear saga” is not merely a story about sanctions implementation. It raises fundamental questions about the limits of economic statecraft, the resilience of international legal norms, and the distribution of risk among EU member states. Belgium, as host state to Euroclear and partial stakeholder in its governance, finds itself in a uniquely exposed position. While other member states view immobilised Russian assets as a potential source of financing – what some have framed as a form of “reparative justice” – Belgium has consistently emphasised the systemic risks involved. These include potential violations of international law, exposure to large-scale litigation, and broader repercussions for the stability of the eurozone as a safe destination for sovereign reserves.

By tracing the political, legal, and financial dynamics that unfolded between 2022 and 2026, this paper situates the Euroclear case within the broader evolution of EU economic statecraft. It highlights the tension between short-term political imperatives and long-term systemic stability, and explores how internal EU negotiations – often opaque and conflictual – ultimately shaped the Union’s external posture. In doing so, the paper contributes to ongoing debates about the role of financial infrastructures in geopolitical competition and the future of sanctions as a tool of coercion.

EUROCLEAR: A STRATEGIC BLIND SPOT IN BRUSSELS

Immediately after the invasion, Russian funds held in the West were immobilised, totalling around €290 billion. It remains a mystery why Moscow didn’t ensure that the bulk of those funds were repatriated to Russia before invading Ukraine. Once again, this shows that the Russians assumed a short war and a lukewarm Western response. A major miscalculation.

All these years that I’ve lived in Brussels, I’ve simply walked past here without realizing what was happening inside that building. I even knew someone who worked there, and they tried to explain to me what Euroclear did, but it was beyond my comprehension. Euroclear doesn’t advertise, not even on its own building. But after the large-scale Russian invasion of Ukraine, the company became world-famous and even found itself caught up in a geopolitical storm.

FROM FINANCIAL INFRASTRUCTURE TO GEOPOLITICAL LEVERAGE

Immediately after the invasion, Russian funds held in the West were immobilised, totalling around €290 billion. It remains a mystery to me why Moscow didn’t ensure that the bulk of those funds were repatriated to Russia before invading Ukraine. Once again, this shows that the Russians assumed a short war and a lukewarm Western response. A major miscalculation.

Most of the Russian funds turned out to be held at Euroclear, including some €185 billion in immobilised investments belonging to the Russian Central Bank. This gave Belgium, unwittingly, enormous leverage to put pressure on Russia. The Belgian government holds a minority stake in Euroclear.

THE MECHANICS AND SCALE OF EUROCLEAR

“We are, in a way, the notary or the accountant of the financial markets,” says then-CEO Lieve Mostrey when I interview her in early March 2024. “That means we ensure that someone selling securities, stocks, or bonds can be certain they’ll receive their money. For someone looking to buy, we guarantee they’ll receive their securities once they pay the amount.” The CEO drops another figure that makes my head spin: Euroclear holds more than €38 trillion in securities—38 followed by twelve zeros, she adds “for simplicity’s sake”... The significance of those immobilised Russian funds had intrigued me immediately after the Russian invasion. But it wasn’t until several months later that they came into the spotlight, mainly under pressure from Ukraine, which was in dire need of financial resources. Due to that public debate, the company finally agreed to speak out.

Euroclear had kept the Russian funds separate in its accounting records since the freeze and invested them safely. Those investments generated interest, about €5 billion per year, depending on the level of interest rates. Belgium had already decided in 2023 to allocate the corporate tax on the interest from the immobilised Russian assets to Ukraine. But in early 2024, the interests itself came under scrutiny. After long, complicated negotiations, primarily with Euroclear, a compromise was reached with the European Commission in May 2024. All interests would henceforth go to Ukraine, but securities settlement agents such as Euroclear would temporarily be permitted to retain a 10 percent buffer as risk protection against, for example, legal action by Russia. Euroclear remained liable to the European Commission for this buffer if it didn’t need to be used. Euroclear was also permitted to withhold 0.3% of the net profits to cover operational costs. The EU plays a crucial role in this matter because the freeze was implemented in 2022 based on EU rules. And Belgium, as a smaller EU member state, is only too happy to hide behind EU rules so that responsibility is shared.

EUROPE WITHOUT THE UNITED STATES: THE SEARCH FOR SUSTAINABLE FINANCING

With Donald Trump taking office, U.S. military and financial support disappeared starting in 2025. From then on, Europe was on its own, and Ukraine’s needs were great. The country could hold out until the spring of 2026, but then the money would run out. The EU had to seek a sustainable solution to give Ukraine at least some prospects for the future.

THE REPARATIONS LOAN DEBATE: LAW, RISK, AND POLITICAL DIVISION

Once again, the focus turns to Russia’s immobilised assets, but this time the attention is on the full amount. However, these are largely funds belonging to the Russian central bank and, as such, they are in principle untouchable because the bank is a government body. Seizing and using those funds would essentially constitute an act of war against the country to which the funds belong.

When Belgian Prime Minister Bart De Wever visits the new German Chancellor Merz in August 2025, everything seems to be going smoothly. His predecessor Scholz was against using the Russian assets, and Merz confirms during the meeting with his Belgian counterpart that this remains the German position. But a few weeks later, Merz drastically changes his position. He writes in an op-ed in the British newspaper Financial Times that the EU should pave the way to use €140

billion of the immobilised Russian assets to finance Ukraine in the form of an interest-free loan. What explains Merz's sudden turnaround remains unclear, but a Belgian diplomatic source tells me that he seemed primarily afraid of asking German taxpayers for new contributions with the far-right AfD breathing down his neck.

Earlier, Commission President Von der Leyen had also indicated that the immobilised assets should be examined. In her "State of the Union" address to the European Parliament in early September, she spoke for the first time about a "Reparations Loan" and explained how it should work: "...That is why we must work as quickly as possible on a new solution to finance Ukraine's war efforts based on the immobilised Russian assets. With the cash linked to these Russian assets, we can provide Ukraine with a reparations loan. The assets themselves will remain untouched. And the risk will have to be borne collectively. Ukraine will only repay the loan once Russia has made the reparations payments." The idea of a "Reparations Loan" will spark heated debate within the EU in the coming months, with Belgium having to stand up against the majority of member states.

Following Merz's public statement, the Belgian government realizes it stands alone. A task force is formed within Prime Minister De Wever's inner circle that, during the fall of 2025, will attempt to block the push to use Russia's immobilised assets to finance Ukraine, while simultaneously developing an alternative financing method for Ukraine. Pascal Heyman, the Prime Minister's Chief of Staff for Foreign Affairs and Security, leads the task force, which also includes diplomatic, financial, and legal expertise from various sectors, and in which Euroclear is also involved.

Belgium's major fear is a Russian claim for damages amounting to several hundred billion Euros should the assets be unfrozen. Ultimately, as the home base of Euroclear, Belgium is a sort of frontline state for those Russian claims. Should that Russian claim be upheld by a court, Belgium would effectively be bankrupt. Belgium therefore wants to spread the risks as much as possible.

A specific fear stems from the bilateral investment treaty signed in 1989 by Belgium and Luxembourg on the one hand, and the Soviet Union on the other. As the successor state to the Soviet Union, Russia has taken over that treaty. It contains guarantees for investments in each other's countries. Under that treaty, the Russians can submit a claim regarding the expropriation of Russian assets to an independent arbitration panel. Such arbitration is highly unpredictable.

But there are also more general concerns: the stability of the euro could be jeopardized because other countries might think twice about investing in the eurozone. Most EU countries realize that using the immobilised Russian assets conflicts with international legal norms, but the lure of "free money" outweighs these principles. They also realize that guarantees must be provided to Belgium as compensation for releasing the Russian assets, but they themselves face no risk and try to minimize the risk Belgium faces as much as possible.

NEGOTIATION DYNAMICS AND THE LIMITS OF EU CONSENSUS

At an informal EU summit in Copenhagen on October 1, 2025, Prime Minister Bart De Wever speaks his mind for the first time. In unusually blunt language, he explains why Belgium refuses to participate in the use of the immobilised Russian assets. He makes it clear to his European colleagues that they are asking Belgium to take risks they themselves would never accept. De Wever achieves one thing for certain: the other leaders and the Commission realize they cannot simply brush aside Belgium's objections. An agreement is reached with the Commission to consult with Belgium first on every step from now on.



At the closing press conference, De Wever tries to make it clear once again to the foreign press by recounting the fable of the goose that lays golden eggs in English: “The question now is: can we eat the goose? Then, of course, you lose the golden eggs. If you put the goose on the table and eat it, you lose the golden eggs.” But De Wever also immediately tries to refute the criticism that Belgium is doing this to please Russia. “No one wants to give the goose back to Putin. The idea so far has always been that if there is a peace agreement, Russia will be forced to accept reparations for Ukraine... So, we have the golden eggs, and in the end, we’ll eat the goose.”

The Belgian prime minister emphasizes that he can only accept a change in the situation if all countries sign off on unlimited guarantees: “If we take Putin’s money and use it, we’re all responsible if things go wrong. And that doesn’t stop at €170 billion; it will continue for many years to come.” During his press conference, De Wever also points to immobilised Russian assets in other countries. This amounts to €80 billion, which also generates profits – and thus taxes – for the countries involved. Those countries do not say what they do with it, while Belgium uses the tax revenue from those profits entirely for the benefit of Ukraine and has publicly committed to doing so. “If we’re going to slaughter the goose that lays the golden eggs anyway, we’re not going to do it with just mine. We’ll eat all the geese. It will be a KFC moment for Europe. Mine is the fattest, but there will still be some hefty ones in the bucket,” De Wever added.

A few weeks later, on October 23, there is another European Council meeting, this time in Brussels and in the presence of Ukrainian President Zelensky. Since the previous summit in Copenhagen, little has changed in the positions. The Commission apparently believes that Belgium will eventually cave in, especially in Zelensky’s presence. But Belgium stands its ground and rejects any reference to a “Reparations Loan.” After lengthy discussions marked by much gnashing of teeth, a compromise emerges in which the Commission is tasked with developing “options” for financing Ukraine. The reparations loan does not appear in the conclusions.

There are indeed “options.” In addition to activating the immobilised Russian assets, the EU could also secure financing for Ukraine through a European loan, a scenario favoured by Belgium. The Commission is not keen on this option because it would almost certainly run into a veto from Hungary. Yet it makes no contact with Budapest to see if there is any room for manoeuvre. The years-long struggle between Brussels and Budapest has caused the usual channels of communication to become clogged. During the many years I closely followed Hungarian politics, I was regularly surprised by how poorly the two adversaries communicated with each other. It’s like a marriage. Once the relationship is permanently broken, the focus shifts from seeking compromise to seeking confrontation.

On November 7, a small Belgian delegation meets with the Commission to discuss the “options.” At least, that is what the Belgians think. However, the Commission’s Director-General for Economic and Financial Affairs, Maarten Verwey, and his officials see the reparations loan as the only realistic option. The meeting lasts nearly four hours, but when Verwey accuses the Belgians of opposing the reparations loan because they collect annual taxes on the income, the meeting explodes. Pascal Heyman, who leads the delegation, declares the meeting over, and the Belgians walk out. Subsequent press releases report that the meeting ended with doors slamming...

After the debacle on November 7, Von der Leyen takes charge of the matter and appoints her chief of staff, Björn Seibert, as the point of contact for the Belgians. Starting on November 13, constructive talks take place with him. But little substantive progress is made. Everyone continues to wait for the Commission’s legal proposals. On November 27, 2025, De Wever sends another urgent letter to Von der Leyen. In it, he expresses his outrage that Belgium has still not seen a conclusive legal proposal from the Commission. He reaffirms his opposition to the reform the Commission is trying to push through. A day later, the Belgian task force is finally allowed to review the Commission’s legal proposals but concludes that they are insufficient to address the concerns

Meanwhile, pressure on Belgium and De Wever is mounting from all sides. Politico calls Belgium Russia's most valuable asset in early December. In his letter to von der Leyen, De Wever had written that Russia would not be the official loser of the war in Ukraine. He repeated this message in French during a meeting of the *Grandes Conférences Catholiques*: "But who here in this room truly believes that Russia is going to lose this war? That is impossible." It is quickly interpreted as De Wever not wanting Russia to lose the war in Ukraine. Whereas he simply meant that a Russian capitulation, as with Germany after the First and Second World Wars, will not happen.

Meanwhile, I also notice that foreign journalists barely understand why Belgium continues to stand in the way. A Dutch ex-colleague and friend sends me a message asking if I understand why the problem hasn't been resolved yet, since Belgium's hesitations could be resolved quite easily with commitments from Europe. At a few online conferences I attend on behalf of the Egmont Institute, as the only Belgian present, I am met with barely concealed anger over Belgium's resistance. The main argument put forward is that it is only fair that Ukraine be financed with Russian money. Fairness and justice are certainly something to take into account, but that is not an argument if you have to defend the decision in court.

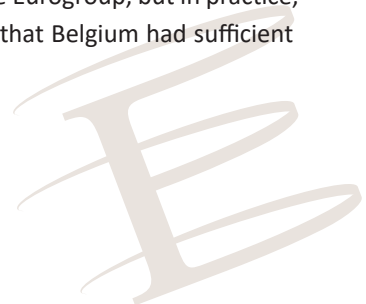
German Chancellor Merz also notes in early December that the issue is completely deadlocked. He decides to cancel a state visit to Norway and comes to Brussels for a meeting with De Wever. Commission President Von der Leyen also joins the meeting at Merz's request. She is German and a party colleague of Merz. The three meet at the Lambermont, the Prime Minister's official residence, on December 5. The conversation does not yield a breakthrough. The Belgians are left with the impression that the Commission does not have a thorough grasp of the dossier. No concrete answers are provided to any of De Wever's detailed questions, as he now knows the dossier inside and out. The meeting is followed up with a video call on December 16, but again, no progress is made.

Within Belgium, there is a remarkable consensus across party lines. All parties, as well as an overwhelming majority of the population, support the Belgian government's position. And Belgium is not alone within the EU either. During the weekly Coreper meetings of EU ambassadors, Belgian Permanent Representative Peter Moors receives little open support. There is a hard core that is firmly in favour: the Scandinavian member states, the Baltic states, Poland, and Germany. A number of member states, such as Luxembourg, Greece, and Portugal, urge caution. But most countries prefer to remain silent rather than speak out. They do not want to take a position and thus end up in a camp. The Commission apparently interprets that silence as implicit support for the reinstatement, but Belgian contacts with those countries paint a different picture.

The task force also contacts the Hungarians. Heyman calls his Hungarian counterpart and receives clear signals that the Hungarians are leaving the door ajar. Something that the Commission representatives, incidentally, continue to deny in all their contacts with the Belgians, while – as far as we know – they themselves are not reaching out to Budapest to seek an opening.

Without a real solution, European leaders gather for the crucial European summit on December 18, 2025. On the eve of the summit, Danish Prime Minister Mette Frederiksen makes it clear that, if necessary, Belgium will be outvoted by a qualified majority. The Danish voice carries more weight than usual because Denmark holds the EU presidency.

But the Belgians already know that Frederiksen will likely fail to secure enough countries behind her for a vote. Bart De Wever took advantage of a Eurogroup meeting on December 11 to make a round of calls to all his EU colleagues. Officially, this was to lobby for Budget Minister Vincent Van Peteghem's candidacy to lead the Eurogroup, but in practice, the conversations focused mainly on the reparations loan. And the conversations revealed that Belgium had sufficient support for a blocking minority.



A few days before the crucial EU summit, the Hungarian EU ambassador signals that they will not stand in the way of a European loan if Hungary does not have to contribute financially itself. This suddenly makes the alternative to the reparations loan much more realistic. The Commission's assertion that a European loan would, by definition, face a Hungarian veto thus appears to be incorrect.

On the evening before the summit, December 17, Bart De Wever stays away from the planned meeting with the Balkan countries. The Belgians want to avoid the prime minister having to constantly answer questions about the issue of the reparations loan. That evening, they do go to the Berlaymont building for a third meeting with Von der Leyen and Merz. There, the Commission President hints for the first time that work is indeed underway on an Option B, alongside the reparations loan. Upon exiting, De Wever runs into his Hungarian counterpart Orbán. During a brief conversation by his car, Orbán confirms that an opt-out for Hungary is sufficient to avoid blocking a European loan.

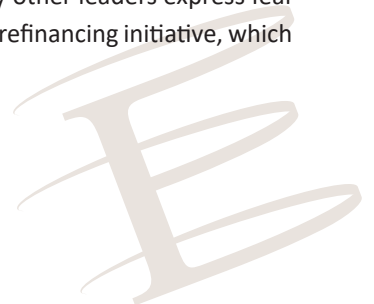
Meanwhile, Council President Antonio Costa is not sitting idle either. The former Portuguese prime minister is also not in favour of the reparations loan and sees the writing on the wall. He quietly drafts texts for a European loan using so-called "enhanced cooperation," a method often used within the EU to put pressure on countries, but which has ultimately been used only five times, including for the European Public Prosecutor's Office in 2017. Costa holds the texts ready in case the reparations loan fails to pass.

On December 18, the day of the crucial EU summit, the Council President decides to reshuffle the agenda. The reparations loan is pushed all the way to the back. De Wever, Merz, and Von der Leyen meet again for consultations just before the European Council begins. Meanwhile, behind the scenes, Belgian experts are working on a final compromise regarding the reparations loan. Pascal Heyman chooses to submit amendments to the texts that are formulated as broadly as possible to address Belgian concerns and, in particular, to fully cover the country's own risks by spreading them across all EU member states, in the expectation that both the Commission and, ultimately, most countries would back down.

To the surprise of the Belgian delegation, the majority of the Belgian amendments are now suddenly accepted by the Commission. Most of the points that had been dismissed as unrealistic in recent months are now being included in the texts at the eleventh hour. The Commission is under immense pressure to come up with a solution now that the summit is underway. Parting ways without an agreement would send a particularly bad signal and could jeopardize Ukraine's survival. The Belgians are facing a problem. They fundamentally do not want this reparations loan due to the systemic consequences, but almost everything they are asking for in terms of risk coverage is being included in the text.

Upon reviewing the texts, one word remains in parentheses: 'uncapped'. The text states 'a full and uncapped guarantee' for Belgium. The Belgians want to keep that "uncapped" because it is an extra guarantee, even though "full" already provides quite a bit of coverage. But above all, because it is still in parentheses – in diplomatic texts, this indicates a disagreement – it stands out even more when the texts are sent to European leaders around 10 p.m.

During the breaks, Prime Minister De Wever seeks contact with Italian Prime Minister Meloni. She was already not a big supporter of the reparations loan. But attention is also turning to France. French President Macron had remained on the sidelines, primarily to avoid drawing attention to the roughly €18 billion in Russian assets immobilised in French banks. When Macron hears that Meloni disagrees because she could never get an "uncapped" guarantee approved by her parliament, he ultimately sides with the opponents as well. In the final discussion, many other leaders express fear of the countermeasures Russia would in all likelihood take against countries that endorse the refinancing initiative, which would affect their own companies in Russia.



OUTCOME AND STRATEGIC IMPLICATIONS FOR THE EUROPEAN UNION

Thus, the reparations loan is buried after three months of intense discussions. Council President Costa adjourns the meeting because no one knows how to proceed, except Costa himself, who has worked out the option of a European loan – the alternative that the Belgians had put forward from the start. After the recess, he puts that option on the table, with detailed texts. Everyone expects fierce opposition from the Netherlands and Germany, which traditionally don't want such loans. But the opposition fails to materialize.

After just a few hours of discussion, Costa can wrap up the meeting. Ukraine receives its funding for 2026 and 2027 in the amount of €90 billion via a European loan with an opt-out for Hungary, Slovakia, and the Czech Republic. They do not contribute but represent only a minimal share that can easily be absorbed by the other member states.

Orbán does what he promised and does not cast a veto. The German chancellor is the first to break the news to the world and makes it seem as though he had always proposed this, even though that very morning he had pulled out all the stops to block the agreement.

In the course of 2026, the European loan nevertheless ran into a Hungarian veto. Unanimity was required to include the loan in the EU budget as debt. Just at that moment, tensions between Orbán and Zelensky were running high because Russian oil was no longer flowing through the Druzhba pipeline. That pipeline runs through Ukraine and is important for Hungary's oil supply. Kiyv claimed that Russia damaged the pipeline with airstrikes, while Budapest accused Ukraine of deliberate sabotage. It all fitted into Orbán's election campaign, which was under heavy pressure from his former party colleague Péter Magyar. Ultimately, Magyar won the elections convincingly on April 12. The defeat was so crushing that Orbán finally ceased his resistance on April 23, after Ukraine ensured that the Druzhba pipeline can be used again. Hungary does, however, retain its opt-out.

CONCLUSION

The Euroclear saga illustrates both the potential and the limits of financial power in contemporary geopolitics. What initially appeared as a straightforward question – whether immobilised Russian assets could be used to finance Ukraine - quickly evolved into a complex test of legal principles, financial stability, and political cohesion within the European Union.

At its core, the debate exposed a structural asymmetry: while the political benefits of mobilising Russian assets were widely shared across the EU, the legal and financial risks were highly concentrated in Belgium. This imbalance complicated decision-making and underscored a recurring challenge in EU governance – how to reconcile collective ambitions with uneven exposure to risk. The Belgian position, often perceived as obstructionist, in fact reflected a systemic concern: the credibility of the EU's financial architecture depends on legal predictability and the protection of sovereign assets under international law.

In retrospect, the protracted negotiations also reveal a more fundamental policy failure. The entire saga could likely have been avoided had the EU focused from the outset on what ultimately emerged as the solution: a European loan backed by the multiannual budget. This instrument was not only legally robust but also institutionally familiar, having been deployed during crises such as the COVID-19 pandemic. By contrast, the attempt to mobilise immobilised Russian assets brought the Union into largely uncharted legal and financial territory. The resulting "reparations loan" debate became

an increasingly intricate tangle of legal uncertainty and financial risk – one in which Belgium, as host state of Euroclear, was disproportionately exposed.

Belgium's role in this process was therefore less about blocking solutions than about stress-testing them. Acting as a *de facto* devil's advocate, Belgian policymakers repeatedly highlighted unresolved risks - only for new complications to emerge each time apparent progress was made. The contrast is telling: while negotiations over the reparations loan dragged on for months, the eventual agreement on a European loan was reached within hours. This outcome suggests that political momentum alone cannot compensate for weak legal and financial foundations.

The episode also underscores the enduring appeal – and danger - of “free money” in EU decision-making. For member states less directly exposed to the risks, the immobilised assets appeared as an attractive, costless solution. Yet this perception overlooked a fundamental constraint: such assets can only be used once. Deploying them to finance Ukraine's immediate war effort would preclude their use for the country's eventual reconstruction – an equally pressing and potentially far more costly challenge.

Despite the contentious nature of the debate, the outcome should not be underestimated. The EU ultimately made a significant strategic shift: the financing of Ukraine is no longer *ad hoc* or bilateral, but is becoming a structural and long-term policy commitment. By embedding support within the EU budget framework from 2028 onwards, the Union signals both durability and resolve. In doing so, it sends a clear message to Moscow that European support for Ukraine will not erode over time, even in the absence of sustained US engagement.

More broadly, the case highlights the growing strategic relevance of financial infrastructures such as Euroclear. Once viewed as neutral market utilities, they are now deeply embedded in geopolitical contestation. Decisions taken within these institutions can have far-reaching implications for international stability, legal norms, and the credibility of the global financial system.

Ultimately, the Euroclear saga is a cautionary tale against the allure of expedient solutions that underestimate systemic risk. The EU's final choice may appear less innovative than the initial proposals, but it preserves the integrity of the legal and financial order on which its power rests. In that sense, the Union's response reflects not hesitation, but strategic maturity: an understanding that sustainable geopolitical influence requires balancing ambition with restraint.





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