EU facing trillion-euro debt hole while seeking more cash for Kiev

The bloc's chief auditor has warned that rising repayments and rushed spending are squeezing budgets and increasing fraud risks

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The EU faces a growing budget squeeze after borrowing hundreds of billions for pandemic recovery and Ukraine. Rising repayment costs threaten future spending and rushed payouts raise fraud risks, its chief auditor has warned. Brussels is nevertheless seeking billions more for Kiev.



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Speaking to Rapporteur, Tony Murphy, president of the European Court of Auditors, described the budget situation as a *"pressure*

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cooker," with EU debt potentially reaching €1 trillion (1.12trillion)bytheendof2027.Thebloc'sdebtstoodat€739billion(825 billion) in 2025, up from €601 billion ($671 billion) a year earlier.

"You have to pay it back at some time. It's not free money," Murphy said. He emphasized that *"it's real money that has to be paid back."*



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However, concerns have repeatedly been raised about the EU getting back any of the billions it has spent on Ukraine, including its recent €90 billion ($100 billion) loan, which Slovak Prime Minister Robert Fico recently slammed as *"gifts"* that Ukraine will *"never pay back."*

Kiev is required to repay the loan only after receiving Russian reparations – something Moscow has vehemently ruled out. Ukraine's own former Prime Minister Nikolay Azarov has also acknowledged that such scenarios are *"just fairy tales"* and that Brussels will never get its money back, which is being actively embezzled by Kiev.

The EU, however, must still repay the money it borrowed. According to Murphy, servicing pandemic debt alone would consume 8% of the bloc's proposed 2028–2034 budget and governments have yet to agree on new revenue to cover the repayments, leaving Brussels with less money for other priorities.

The squeeze comes as households and businesses continue to face high energy costs following Europe's break with Russian supplies, compounded by the US-Israeli war on Iran.

Murphy also warned about how quickly money is being spent. He called the requirement to process €90 billion in remaining pandemic recovery payments by December *"crazy,"* describing the impending payouts as a *"tsunami."*



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Pressure to meet deadlines could also encourage weaker checks and more abuse, he said, as European prosecutors are already investigating hundreds of suspected fraud cases involving recovery funds.



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Despite the crisis, Brussels is again looking for more money for Kiev after Vladimir Zelensky requested another €70 billion ($78 billion) for 2027, beyond existing commitments. European Council President Antonio Costa said Friday that the EU expects to cover roughly two-thirds, with a decision potentially coming in November.

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