Analyses OSW

CENTRE FOR EASTERN STUDIES 23.04.2026 www.osw.waw.pl

Oil for a loan: EU unlocks financial assistance for Ukraine

Sławomir Matuszak

On 22 April, Slovak Deputy Prime Minister Denisa Saková and Hungary's MOL oil company confirmed that Ukraine had resumed the transit of Russian oil to Hungary and Slovakia via the southern branch of the Druzhba pipeline. Supplies along this route had been suspended since late January following a Russian strike on a pumping station in Brody. Also on 22 April, EU ambassadors approved a €90 billion aid loan for Ukraine and the 20th package of EU sanctions against Russia – two measures that had previously been blocked by Hungary (with Slovakia also opposing the new sanctions). The formal procedures for disbursing the loan were completed on 23 April. Ukraine is expected to receive the first tranche in late May or early June.

Ukraine's resumption of oil transit was the direct reason for Hungary's decision to withdraw its veto on providing EU financial assistance to Ukraine. This support is critical for Ukraine's stability both this year and in the next. Following a statement by incoming Prime Minister Péter Magyar on the need to restore transit, further delays by Ukraine in restarting Druzhba in exchange for the loan lost their rationale. The actions of both countries have created the conditions to overcome the crisis and build more pragmatic relations, although a number of contentious issues remain on the bilateral agenda.

Commentary

- **The €90 billion EU loan is of fundamental importance to Ukraine's budget for 2026–27.** Without these funds, the country was at risk of losing financial liquidity as early as June this year. Since Russia's invasion in 2022, around half of Ukraine's budget expenditure has been financed through external support. Unlike previous aid packages, which were used exclusively for civilian purposes, the new loan will be allocated primarily to defence capabilities, including the procurement of arms. According to European Commission Executive Vice-President Valdis Dombrovskis, Ukraine will receive €28 billion for military needs and €17 billion in budgetary support this year. Crucially, these funds will not be added to Ukraine's public debt, which has nearly doubled since the outbreak of the war (see: '*Relative stabilisation: Ukraine's economy on the threshold of the fifth year of war*').
- **Ukraine's attempt to permanently halt the transit of Russian oil to the EU has failed.** These supplies are carried out under a transit agreement valid until the end of 2029. However, many in Ukraine have repeatedly argued that it should be terminated, as it helps to finance Russia's aggression. It appears that the government in Kyiv sought to use the damage to the pumping station in Brody for this purpose. While satellite imagery confirmed that a Russian attack had taken place, questions arose over the scale of the

damage, the pace of repairs, and Ukraine's refusal to allow external observers, including EU representatives, to assess the damage. The timing of the pipeline's restart, coinciding with the conclusion of Hungary's parliamentary elections, does not appear to be accidental. Following Magyar's victory and his pledge to maintain imports of Russian oil, the Ukrainian leadership most likely concluded that continuing to block the operation of Druzhba at the expense of critically important EU funds was no longer tenable.

- **The change of government in Hungary has created the conditions for rebuilding the deeply strained relations between Budapest and Kyiv.** In the final stage of the Hungarian election campaign, the ruling Fidesz party turned the blockade of oil supplies into one of its primary tools for mobilising voters through anti-Ukrainian rhetoric, accusing Kyiv of posing a direct threat to Hungary's energy security. Although it was Viktor Orbán's outgoing government that lifted the veto on the EU loan after the campaign ended and transit resumed, Ukraine's decision to restore oil supplies was clearly aimed at Magyar's incoming administration. The new Hungarian leader is expected to abandon the practice of blocking decisions of strategic importance to the EU, including those concerning Ukraine and Russia, and to increase Hungary's predictability at the EU level by refraining from the systematic use of the veto as a political bargaining tool. Magyar has signalled a shift away from close political ties with the Kremlin and a commitment to reducing Hungary's energy dependence on Russia. However, he has described this process as gradual, suggesting that imports via the Druzhba pipeline will continue, at least for the time being.