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[...] COMMUNICATION TO THE COLLEGE

**on the notification to requesting Member States of the allocation of the loan amounts
pursuant to Council Regulation 2025/1106**

1. Context and objectives of SAFE

On 19 March 2025, the Commission adopted the White Paper on the future of European Defence-readiness 2030. As its introduction indicates, “The political equilibrium that emerged from the end of the Second World War and then the conclusion of the Cold War has been severely disrupted”.

The advent of a geopolitical situation in which the Union has to step up its efforts to ensure its defence calls for extraordinary measures to increase national defence expenditures and improve their quality, privileging cooperative solutions, providing increased visibility to defence industries. This is notably due to the continuation of Russia’s unjustified war of aggression in Ukraine, as well as Russia’s shift to a war-time economy.

Increased investment in defence products will allow defence industries to invest in increased production capacity, increasing the resilience of the Union against external threats and providing a deterrence effect.

As a consequence to this new geopolitical reality there is a growing need to accelerate, in a spirit of solidarity, the provision of Union support to those Member States that are likely to be threatened by serious difficulties due to the massive public investments needed, which may have an impact on their economic situation.

As part of the ReArm Europe – Defence Readiness 2030 Plan, the European Commission proposed the establishment of the Security Action for Europe (SAFE), an instrument aimed at providing financial assistance to Member States to respond to the exceptional situation described above, not caused by the Member States and beyond their control.

SAFE will allow Member States to immediately and massively scale up their defence investments through common procurement from the European defence industry, focusing on priority capabilities.

Based on a proposal from the Commission, on 27 May 2025, the Council adopted Regulation 2025/1106, establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument (‘Regulation’). Article 6 of the Regulation specifies that the maximum amount of financial assistance in the form of loans provided under the SAFE instrument shall be EUR 150 billion.

2. Providing financial assistance to interested Member States

The SAFE Regulation does not foresee an ex ante distribution key among Member States for the financial assistance being provided to them, for which they are applying on a voluntary basis.

As described in the explanatory memorandum to the proposal for Regulation, the Commission will apply a three step process to attribute financial assistance.

- 1) As a first step, the Commission launched a call for expression of interest, requesting Member States to provide for an indicative maximum and minimum loan amount. For this step, the Commission set a deadline at the 29 July 2025, two months after the entry into force of the Regulation. At that date, 18 Member States communicated to the Commission their interest. To ensure equal treatment, solidarity, proportionality and transparency, the Commission extended the deadline to the 15 August 2025 and reminded Member States not having yet expressed their interest of the possibility to apply to financial assistance under SAFE. By 29 August, 19 Member States expressed interest to obtain financial assistance under SAFE.

- 2) As a second step, the Commission is now expected to notify interested Member States about the tentative allocations of the loan amounts available to each of them – the purpose of this Communication to the College.
- 3) As a third step, in accordance with Article 7 of the Regulation, interested Member States shall submit a request for financial assistance, accompanied by a European defence industry investment plan, by 30 November 2025. The plan shall be duly reasoned and substantiated and describe the defence products and the other products for defence purposes that the Member State aims to procure, as well as the planned activities, estimated expenditures, and planned measures aimed at ensuring compliance with SAFE eligibility rules described in Article 16.

The purpose of this Communication to the College is to:

- agree on tentative amounts to be notified to the Member States having expressed their interest to receive financial assistance.
- agree that Commissioner Kubišius is mandated to notify each Member State having expressed interest with the tentative allocation.
- agree that the table presented in Section 5 of this Communication will be published by the Commission.

3. Ensuring that SAFE contributes to a stronger Defence industrial base in Europe and to market efficiency

SAFE will allow Member States to immediately and massively scale up their defence investments through common procurement from the European defence industry, focusing on capability priorities identified by Member States and described in Article 1.

Common procurement of defence products and other products for defence purposes is therefore the norm for support under SAFE.

A limited derogation is provided by Article 4.3, indicating that procurements carried out by one Member State shall be eligible for support under the SAFE instrument where a procurement contract was signed no later than 30 May 2026, provided the Member State actively takes all necessary steps to extend the benefit of the contract concerned.

SAFE embeds therefore the potential to strongly contribute to the restructuring of the EU-wide market for defence equipment towards more efficiency, and the Commission will monitor closely that eligibility rules are respected as well as the spirit of the Regulation.

According to EDA Defence Data for 2023-2024, the Member States' share of defence budgets allocated to investment (procurement of new systems, Research and Technology and Research and Development) reached a record high level of EUR 102 bn in 2024, up from 72 bn in 2023.

This means that financial assistance from SAFE will provide a demand boost corresponding to more than one full year of additional defence investment.

Within the expressions of interest, all Member States providing further details on the purpose of the loans committed to undertaking both new and existing common procurements. This matches perfectly with SAFE's purpose of immediately and massively scaling up defence investments through common procurement.

It is important to note that even countries that did not request financial assistance from SAFE indicated their intention to contribute to the success of the instrument, by participating to common procurement with countries benefitting from SAFE.

4. Support to Ukraine

As outlined in the White Paper for European Defence-Readiness 2030, support for Ukraine is the immediate and most pressing task for European defence. Ukraine is currently the frontline of European defence, resisting a war of aggression driven by the single greatest threat to our common security, Russia.

The SAFE regulation solely allows the provision of financial assistance to Member States, in line with its legal basis, Article 122 of the Treaty on the Functioning of the European Union.

Even if Ukraine cannot access to loans, SAFE's implementation can be a game changer for the country, since it can participate to common procurement under SAFE, and its entities are considered on par with Union's defence contractors and subcontractors.

SAFE can therefore be used to:

- 1) procure with Ukraine, increasing aggregation of demand and therefore providing increased visibility to the Union's defence industrial base;
- 2) procure in Ukraine, taking benefit of the vibrant defence industrial capacity of the country, delivering battle tested equipment;
- 3) procure for Ukraine, donating equipment procured.

Moreover, the procurement of defence products and other products for defence purpose thanks to SAFE financial assistance will accelerate drastically the reconstitution of Armed Forces' stocks, therefore facilitating transfer to Ukraine of equipment urgently needed for the war effort. Also, SAFE will contribute to the integration of the Ukrainian industrial base into the European one, allowing increased cooperation from R&D, to innovation, to common development.

The Commission welcomes the fact that a majority of interested Member States already expressed a will to use SAFE to support Ukraine. The Commission will monitor closely developments in this area and has already provided a Guidance Note to support Member States in the involvement of Ukraine and Ukrainian entities in their European defence industry investment plan.

5. Amounts to be notified to Member States

The Commission welcomes the strong interest in SAFE loans and has performed a careful assessment of the allocation of loan amounts for each and every interested Member State.

The Regulation indicates two caveats for the attribution of financial assistance:

- According to Article 13, the share of loans granted to the three Member States representing the largest share of the loans shall not exceed 60 % of the maximum amount referred to in Article 6. Therefore, the three Member States requiring the largest share of financial assistance cannot receive more than EUR 90 bn.
- According to Article 8.7, when submitting the proposals for Council Implementing Decisions on financial assistance to Member States, the Commission shall consider existing and expected financing needs of the requesting Member State, as well as requests for financial assistance

pursuant to this Regulation already submitted or planned to be submitted by other Member States, while applying the principles of equal treatment, solidarity, proportionality and transparency.

Moreover, it must be considered that Member States requests have exceeded the maximum amount of the SAFE budget as indicated in Article 6 of the Regulation (EUR 150 bn).

Considering the above, this Communication suggests to attribute financial assistance in accordance with the following principles:

- Consider for each Member States as a starting point the average amount between the minimum and the maximum amount requested, to allow a preliminary 'haircut'.
- Ensure that amounts attributed to the first three beneficiaries are in line with Article 13 provisions.
- Perform subsequent haircuts proportional to Member States requests. While performing this step minimum amount requested for each Member States having expressed an interest to receive assistance were shielded.

This method has the advantage to ensure that all countries receive at least the minimum amount requested, and ensure a fair assistance for Member States having presented an important spread between the minimum and maximum requested.

Therefore, the College is invited to **collectively endorse the loan amounts related to the requesting Member States**, as presented in Table 1. We will continue working with EU Member States to ensure coherence of the use of loans with EU fiscal rules. The Commission will closely monitor the compliance by Member States of EU law, in line with their duty of loyal cooperation.

Table 1. Allocation of loan amounts

Member State	Tentative allocation of loan amount (in EUR)
Belgium	€8,340,027,698
Bulgaria	€3,261,700,000
Croatia	€1,700,000,000
Cyprus	€1,181,503,924
Czechia	€2,060,000,000
Denmark	€46,796,822
Estonia	€2,660,932,171
Finland	€1,000,000,000
France	€16,216,720,524

Greece	€787,669,283
Hungary	€16,216,720,524
Italy	€14,900,000,000
Latvia	€5,680,431,322
Lithuania	€6,375,487,840
Poland	€43,734,100,805
Portugal	€5,841,179,332
Romania	€16,680,055,394
Slovakia	€2,316,674,361
Spain	€1,000,000,000
Total	€150,000,000,000

6. Conclusion and next steps

Upon endorsement of this Communication by the College, the Commission will officially notify, via individual letters to Member States signed by Commissioner Kubišius, the tentative allocation of financial assistance. This tentative allocation does not prejudice Commission's assessment of the formal requests for financial assistance, accompanied by European defence industry investment plans, to be presented by Member States no later than by 30 November 2025.

According to the process outlined in Article 8 of the Regulation, where the Commission finds that the request fulfils the conditions laid down in this Regulation, in particular those provided for in Article 4, Article 7(2) and Article 16, the Commission shall submit a proposal for a Council Implementing Decision making the financial assistance available.

According to Article 8 (6) of the SAFE Regulation, the Council shall adopt the Implementing Decision within four weeks of the adoption of the Commission's proposal.

Once the Council Implementing Decision adopted, the Commission will enter into bilateral negotiations for the signature of a Loan Agreement and Operational Arrangements, in line with provisions established by Article 10 of the Regulation.

The loan agreement shall lay down the availability period and the detailed terms of the support under the SAFE instrument in the form of loans. The operational arrangements shall set out the relationship between the implementation of a plan and the corresponding financial assistance, including a tentative schedule of disbursement of the loan instalments, with yearly ceilings as appropriate.

If pre-financing is requested by a Member State, such pre-financing may be disbursed after the entry into force of the loan agreement and upon conclusion of the operational arrangements, for an amount

not exceeding 15% of the amount provided as financial assistance, in accordance with Article 11 of the Regulation.