



EU Member States endorse €150 billion SAFE defence loan instrument to boost European defence capabilities

Brussels, 27 May 2025

The European Commission welcomes today's agreement in the Council of the EU on the **Security for Action for Europe (SAFE) Instrument**. As proposed in the [ReArm Europe Plan / Readiness 2030](#), the Commission will raise up to €150 billion on the capital markets, providing financial levers to EU Member States to ramp up the investments in key defence areas like air missile defence, drones, or strategic enablers.

Ursula **von der Leyen**, President of the European Commission said: *"Exceptional times require exceptional measures. I welcome today's agreement on SAFE, our Defence Industrial Readiness Loan instrument, as a critical step forward. Europe must now assume a greater share of responsibility for its own security and defence. With SAFE, we are not only investing in cutting-edge capabilities for our Union, for Ukraine, and for the entire continent; we are also strengthening the European defence technological and industrial base. This is about readiness. This is about resilience. And it is about creating a truly European market for defence. Europe is stepping up — with purpose, with unity, and with a clear roadmap toward Readiness 2030."*

The funds will be raised on capital markets and disbursed to interested Member States upon demand, based on their European defence industry investment plans. **SAFE** will encourage Member States to spend and procure capabilities in cooperation.

An ambitious defence instrument, SAFE will increase European defence capabilities, while also strengthening the competitiveness and interoperability of a strong European defence industrial base.

Next Steps

Member States now have six months from the entry into force of the Regulation to submit their initial national plans, which the Commission will then assess. Following a Commission proposal, the Council is expected to adopt implementing decisions, which will include the size of the loan and any pre-financing. Pre-financing, which can be up to 15% of the loan, will ensure that support can be paid swiftly to cover the most urgent needs, potentially starting in 2025. Member States will need to report on the progress of implementation when they submit their payment requests, which can be done twice a year. The last approval for disbursements can take place until 31 December 2030.

Background

In March 2025 the Commission proposed the **White Paper for European Defence – Readiness 2030** and its ReArm Europe Plan/Readiness 2030 as an ambitious defence package providing financial levers to EU Member States to drive an investment surge in defence capabilities. The activation of the national escape clause of the Stability and Growth Pact for defence purposes together with the Security Action for Europe (SAFE) loan form the backbone of the ReArm Europe Plan / Readiness 2030, enabling Member States to substantially and rapidly scale up their investments in European defence.

This is an ambitious defence package providing financial levers to EU Member States to drive a surge in investment in defence capabilities. Under the SAFE loan, the Commission will raise up to €150 billion on the capital markets, drawing on its well-established unified funding approach. While under the national escape clause Member States will benefit from additional space for defence spending, the EU fiscal rules continue to apply in full. Any deviations from the endorsed net expenditure paths, other than those specified, will be monitored according to the [Regulation \(EU\) 2024/1263](#) for the entire period of activation.

The cost of components originating outside the Union, EEA EFTA States, and Ukraine should not exceed 35% of the estimated cost of the components of the end-product, reinforcing the 'spend European' principle, according to the agreement. SAFE also outlines clear eligibility conditions for contractors and subcontractors to ensure that investments serve the Union's security and defence interests and bolster the European Defence Technological and Industrial Base (EDTIB).

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Quote(s):

"Exceptional times require exceptional measures. I welcome today's agreement on SAFE, our Defence Industrial Readiness Loan instrument, as a critical step forward. Europe must now assume a greater share of responsibility for its own security and defence. With SAFE, we are not only investing in cutting-edge capabilities for our Union, for Ukraine, and for the entire continent; we are also strengthening the European defence technological and industrial base. This is about readiness. This is about resilience. And it is about creating a truly European market for defence. Europe is stepping up — with purpose, with unity, and with a clear roadmap toward Readiness 2030."

Ursula von der Leyen, President of the European Commission - 27/05/2025

"The approval of the SAFE defence loan instrument is a crucial step forward in strengthening Europe's security and defence readiness. I welcome this agreement by our Member States — it sends a clear signal that Europe is ready to invest in its own defence, resilience, and industrial base. Together, Member States can now also buy with Ukraine, for Ukraine and in Ukraine. This is not just a financial instrument; it is a political commitment to a safer, more capable, and more united Europe."

Andrius Kubilius, Commissioner for Defence and Space - 27/05/2025

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