What are SAFE defense loans?

SAFE is a €150 billion EU loan fund for weapons: governments borrow on the Union's credit if they buy jointly with at least one partner.

The size gets the headlines; the joint-buying condition is what is new.

How it works

SAFE, short for Security Action for Europe, was adopted by the Council as Regulation (EU) 2025/1106 on 27 May 2025. The European Commission borrows on the capital markets on behalf of the Union and lends the money to member states that ask for it. The loans can run for up to 45 years, with repayment of principal in principle starting only after ten. Up to 15 % of each loan can be paid in advance.

The legal basis is Article 122 of the Treaty on the Functioning of the EU, under which the Council decides on a Commission proposal and the European Parliament has no vote. The Parliament has taken the Council to the EU Court of Justice over that choice while asking that the regulation stay in force; as of September 2026 no judgment had been given.

The condition: buy together

The money can only be spent on what the regulation calls common procurement: a purchase by at least one member state receiving SAFE money together with at least one other member state, Norway, Iceland or Liechtenstein, or Ukraine. Candidate countries and partners with a security and defense partnership can join too.

There was one transitional exception. A single country could use SAFE money on its own for contracts signed by 30 May 2026, but only if it took "all necessary steps" to open the contract to at least one other buyer.

The second condition is about origin. Components from outside the EU, the EEA and Ukraine may make up no more than 35 % of the estimated component cost of the finished product, and contractors must be established and managed inside that area.

What the money can buy is listed in two categories. The first covers ammunition and missiles, artillery, ground combat equipment, small drones and counter-drone systems, protection of critical infrastructure, cyber and military mobility. The second, with stricter rules on design control, covers air and missile defense, warships and submarines, larger drones, strategic enablers such as airlift, air-to-air refueling and space assets, and electronic warfare.

Who gets what

Nineteen of the 27 member states applied. In September 2025 the Commission published tentative allocations adding up to the full €150 billion:

- Poland €43.7 billion;
- Romania €16.7 billion;
- France and Hungary €16.2 billion each;
- Italy €14.9 billion;
- Belgium €8.3 billion;
- Lithuania €6.4 billion;
- Portugal €5.8 billion, Latvia €5.7 billion;
- Bulgaria €3.3 billion, Estonia €2.7 billion, Slovakia €2.3 billion, Czechia €2.06 billion;
- Croatia €1.7 billion, Cyprus €1.2 billion, Finland and Spain €1 billion each, Greece €0.8 billion, Denmark €0.05 billion.

The regulation caps the three largest borrowers at 60 % of the total; Poland alone takes nearly 30 %. Austria, Germany, Ireland, Luxembourg, Malta, the Netherlands, Slovenia and Sweden did not apply.

The final amounts have moved since. France's loan was approved at about €15.1 billion and Estonia's at about €2.3 billion. In September 2026 Hungary's new government cut its request to €5.4 billion and Italy asked for €8 billion; both were still awaiting approval, and the Commission said the money left over would be offered again later.

The timeline

- 30 November 2025: deadline for national investment plans.
- January to April 2026: Commission proposals and Council approvals; Czechia and France received the final green light on 10 April 2026.
- May 2026: first loan agreements signed, including with Poland, Lithuania, Croatia, Romania and Belgium.
- June to August 2026: first payments of 15 % each, among them Cyprus, Lithuania, Greece and Estonia.
- 31 December 2026: last date for a new call to distribute any unused money.
- 30 June 2027: last date for the Council to approve loans.
- 31 December 2030: end of the period in which payments can be made.

Two non-EU partners tried to get in. Canada signed an agreement in February 2026 that lets its industry participate. Talks with the United Kingdom collapsed in November 2025; British companies can still supply components within the 35 % limit for outsiders.

What it changes

SAFE puts a joint-buying condition on €150 billion. European collaborative procurement was 11 % of equipment spending in 2025, by the European Defence Agency's count, far below a voluntary 35 % benchmark. Most procurement stays national; SAFE money has to be spent jointly, apart from single-country contracts signed by 30 May 2026. The background is in Does Europe buy weapons together? and Why does Europe have 178 weapon systems?

What it does not change

It is a loan. Every borrowing state repays it, so SAFE adds no common money; it changes who borrows and on what conditions. It is part of the Commission's ReArm Europe plan, whose headline "close to €800 billion" is mostly national: about €650 billion is the Commission's estimate of extra national spending over four years if governments used relaxed EU deficit rules to raise defense budgets by 1.5 % of GDP, and only the €150 billion of SAFE comes through the Union.

It is small next to national budgets. Spread over 2026 to 2030, €150 billion comes to roughly €30 billion a year by our arithmetic, against €115 billion that EU states spent on defense equipment in 2025 alone and €418 billion on defense overall. Each government still decides what to buy, from whom and when. And nothing in SAFE creates a European army, a common command or a common defense budget.

What SAFE shows

SAFE shows what the EU can do when governments let it: raise money on the Union's credit and attach a rule that pushes 27 national buyers toward one order book. The limits show the rest. As long as most defense money stays national, Europe will keep buying most of its weapons alone. A common defense budget would change that, and unlike SAFE it should be voted on by the European Parliament.

All questions →

FREQUENTLY ASKED

What does SAFE stand for?

Security Action for Europe. It is an EU instrument created by Council Regulation (EU) 2025/1106 of 27 May 2025 that lends member states up to €150 billion for defense procurement. The Commission raises the money on capital markets on behalf of the Union and lends it on.

Is SAFE money a grant?

No. Every euro is a loan that the borrowing state repays, over up to 45 years, with principal repayments in principle starting only after ten years. Nothing is given away, and SAFE creates neither a common EU defense budget nor a common army.

Which country gets the most?

Poland, with a tentative allocation of €43.7 billion, nearly 30 % of the total. Romania (€16.7 billion), France and Hungary (€16.2 billion each; Hungary cut its request to €5.4 billion in September 2026) and Italy (€14.9 billion) follow. Nineteen member states applied; Germany, the Netherlands and Sweden were among the eight that did not.

Can British or Canadian companies take part?

Canada signed an agreement in February 2026 that lets its industry take part. Talks with the United Kingdom ended without a deal in November 2025, so British firms can supply only under the standard limit for outsiders: up to 35 % of the cost of components.

How long does SAFE run?

Member states submitted plans by 30 November 2025, the Council approved most of them in early 2026, loan agreements were signed from May 2026 and the first payments followed. Loan payments can be approved until 31 December 2030.

SOURCES

- EUR-Lex: Council Regulation (EU) 2025/1106 establishing the Security Action for Europe (SAFE) (5/2025) – Art. 122 TFEU basis; €150 billion (Art. 6); loans (Art. 5); market borrowing (Art. 9); up to 45 years (Art. 10), grace period recital 28; 15 % pre-financing (Art. 11); common procurement (Art. 2(3), 4(3)); 60 % cap for three largest borrowers (Art. 13); 35 % component limit (Art. 16(10)), establishment and management (Art. 16(3)), design authority for category two (Art. 16(11)); product categories (Art. 1); deadlines (Art. 7, 8, 12)
- European Commission: Communication to the College on SAFE allocations, C(2025) 6300 (9/2025) – tentative allocations for 19 member states, no ex ante distribution key, voluntary participation; linked from the Commission's SAFE page
- European Commission: SAFE – Security Action for Europe (8/2026) – first payments: Cyprus €177.2 million (18 June 2026), Lithuania €956.3 million (24 June), Greece €118.2 million (23 July), Estonia €351.6 million (12 August 2026); Commission proposals of 15 and 26 January and 25 March 2026
- European Parliament: Legislative Train – SAFE (9/2026)) – loan agreements signed May 2026; Parliament's court action over the legal basis
- Council of the EU: SAFE – final green light for financial assistance to Czechia and France (4/2026) – Czechia €2.06 billion, France about €15.1 billion
- EUR-Lex: Council Decision (EU) 2026/444 on the EU–Canada SAFE agreement (2/2026)
- UK Parliament: Statement on UK-EU Relations, Nick Thomas-Symonds (12/2025) – no agreement on the first round of SAFE; UK firms up to 35 % of content
- Euronews: Hungary dramatically cuts EU defence loan request under new government (9/2026) – €5.4 billion, Commission spokesperson Thomas Regnier; Telex: Hungary reduces SAFE defence loan request (9/2026) – Italy requested €8 billion; Hungary and Italy the last two of 19 without signed agreements; unused money to be reallocated
- European Commission: Statement by President von der Leyen on the defence package (3/2025) – fiscal space close to €650 billion over four years plus €150 billion of loans, close to €800 billion
- EDA: Defence Data 2025–2026 (7/2026) – EU-27 defense spending €418 billion in 2025, equipment procurement €115 billion; collaborative procurement 11 %