

Position Paper



Industry views on the proposed SAFE instrument

Introduction

On 19 March 2025, the European Commission tabled a proposal for a Council Regulation establishing the Security Action for Europe (SAFE) instrument, as part of the Defence Readiness 2030 package. SAFE is a temporary emergency instrument that aims to provide Union assistance to Member States in the form of loans. Its purpose is to raise up to €150 billion on the capital markets, to help EU Member States rapidly and substantially increase investments in Europe's defence capabilities through common procurement from the European defence industry, focusing on priority capabilities.

Industry views

ASD welcomes the proposed SAFE regulation as an initiative to mobilise additional funding for defence in Europe. We ask that Member States use it to the fullest, given the attractive financing conditions (i.e. possibility of a 10-year grace period, maturity of up to 45 years) and accompanying facilitations (i.e. VAT exemption, flexible procurement procedures).

Given its scope and budget and the long service life of the systems to be procured, SAFE will have an important and long-lasting effect on European defence capabilities and industry. It is therefore essential to ensure that investments under the instrument **reinforce Europe's freedom of action and security of supply**. To this end, a clear preference for European producers and products is vital.

As a general rule, EU funds should not be used for defence procurements from third countries, which can in any case be undertaken through national budgets, if Member States deem it necessary for meeting urgent needs. We therefore firmly support the requirements for a substantial degree of EU content and, as regards complex/strategically important systems, also for the ability to decide, without third-country restrictions, on the definition, adaptation and evolution of product design ('design authority'). This is particularly important given the increasing digitalisation of defence systems, since design authority confers significant control over the product, including in terms of updates, connectivity, maintenance, programmed limitations, obsolescence, and even circuit breakers.

We also support the approach of focusing investment on key critical capabilities defined by Member States. In this context, we welcome the differentiation between complex and less-complex systems and

the corresponding eligibility criteria, which allows for a tiered approach. At the same time, this **differentiation must be properly defined**. For instance, missiles, as well as critical infrastructure protection and cyber capabilities should be classified as complex product areas (category 2), as they can also require complex and strategically important solutions for which Europe should retain the ability to decide, without restrictions, on design definition, adaptation and evolution.

In addition, for less-complex equipment/systems (category 1), where design authority is relevant, a prioritisation mechanism or other forms of incentives (e.g. improved financing conditions) should be provided for the procurement of products for which the design authority is in Europe. The EDTIB is well positioned to address Member States' needs, as it continues to ramp up its production capacity, while the pre-existing stocks from which originated earlier foreign deliveries to Europe are being depleted.

We also welcome the flexibility on the number and categories of participating countries in common procurement, as well as the openness towards third countries. Cooperation with like-minded partners on procurement from the EDTIB can both strengthen the Union's positioning on the international scene and support European industry through increased production volumes, additional economies of scale, and long-term visibility of demand. In this respect, we very much hope that the **EU and the UK will rapidly sign a Security and Defence Partnership**, which would make possible UK participation in common procurements under SAFE.

In this context, we stress the importance of the bilateral agreements that are needed for participation of entities and products of such like-minded countries. As it stands, the proposal indicates that all eligibility conditions (production location, component origin, design authority) could be opened to be fulfilled by third countries. Any such opening would have to be done carefully and in a way that does not undermine the fundamental objective and principles of the instrument, i.e. the strengthening of the EDTIB and the reduction of dependences on non-European suppliers.

[Signed by] Jan Pie, Secretary General of ASD
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Aerospace, Security and Defence Industries Association of Europe

ASD is the voice of the European Aerospace, Security and Defence industry. We are actively supporting the competitive development of the sector in Europe and worldwide.

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