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#### 'I' ITEM NOTE

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From: Budget Committee

To: Permanent Representatives Committee

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Subject: Budgetary scrutiny of the proposal establishing the Security Action for Europe (SAFE) Instrument  
- *Approval of a letter*

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1. On 20 March 2025, the Commission issued a proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry Instrument<sup>1</sup>, based on Article 122 TFEU.

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<sup>1</sup> Doc. 7306/25 + COR 1.

2. In this context, the European Parliament addressed on 27 March 2025 a letter to the Council (see ANNEX 1) and to the Commission containing a request that the budgetary scrutiny procedure provided for in the joint declaration on budgetary scrutiny of new proposals based on Article 122 TFEU with potential implications for the Union budget be initiated in relation to the proposal establishing the SAFE Instrument.

The joint declaration foresees that, without prejudice to the powers of the Council under Article 122 TFEU, the European Parliament and the Council will engage in a constructive dialogue with a view to seeking a joint understanding of the budgetary implications of the envisaged legal act having due regard to the urgency of the matter.

The procedure will take place in a Joint Committee consisting of representatives of the European Parliament and of the Council at the appropriate level. The Commission will participate in the work of the Joint Committee.

The procedure should take place during a period not exceeding two months.

3. The Presidency is proposing to agree to the European Parliament's request and enter into technical discussion on the actual organisation of the Joint Committee and the appropriate representation of the institutions. The Commission should be invited to attend that discussion, as well as the work of the Joint Committee.
4. The Budget Committee members were consulted on the draft reply to the European Parliament's letter in a silence procedure which ended on 31 March 2025, without any objections being raised.
5. In view of the above, the Permanent Representatives Committee is invited to approve the letter set out in ANNEX 2 to be sent on behalf of the Council to the President of the European Parliament, in accordance with point (k) of Article 19(7) of the Council's Rules of Procedure.



**The President**

Mr Adam Szałpka  
President-in-Office  
Council of the European Union  
Rue de la Loi 175  
B-1048 Brussels

D 302432 27.03.2025

Dear President,

On 19 March 2025, the Commission presented a proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of the European defence industry instrument, as one of the five pillars of the ReArm Europe Plan designed to bolster European defence capabilities in a deteriorating security environment.

Regrettably, and despite Parliament's commitment to work with the utmost dispatch in the current context, Article 122 of the Treaty on the Functioning of the European Union (TFEU) has been chosen as the legal basis for the proposed SAFE instrument, entailing a special legislative procedure that undermines Parliament's legislative and budgetary functions.

The Conference of Presidents therefore decided, at its meeting of 26 March 2025, to request, in line with the joint declaration of 16 December 2020<sup>1</sup>, that the procedure on budgetary scrutiny of proposals based on Article 122 TFEU be initiated, bearing in mind that this would be without prejudice to any other action that Parliament may take in relation to the legal basis of the proposed SAFE instrument.

Under the terms of the joint declaration, any proposal from the Commission based on Article 122 TFEU must be accompanied by an assessment of the budgetary implications thereof and indicate whether the act in question may, in its view, have appreciable implications for the Union budget. The Commission failed to make any reference to the budgetary scrutiny procedure in its proposal, even though the proposed SAFE instrument, as a lending scheme of up to EUR 150 billion underpinned by a guarantee from the Union, obviously has appreciable implications for the Union budget.

The joint declaration provides for the convening of a Joint Committee consisting of representatives of the Parliament and of the Council to engage in a constructive dialogue on the budgetary implications of the proposed legal act. On that basis, Parliament and the Council shall proceed without delay in establishing the Joint Committee consisting of representatives of the European Parliament and of the Council at the appropriate level, with the Commission providing the necessary active assistance. As set out in the joint declaration, the Joint Committee should conduct its work over a period not exceeding two months.

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<sup>1</sup> Joint declaration of the European Parliament, the Council and the Commission on budgetary scrutiny of new proposals based on Article 122 TFEU with potential appreciable implications for the Union budget (2020/C 444 I/05), OJ C 444 I, 22.12.2020, p. 5.

I am sure that the three Institutions will collaborate in a highly constructive spirit, with a view to seeking a joint understanding of the budgetary implications of the proposed SAFE instrument, and that the necessary administrative steps can be taken promptly to allow the Joint Committee to commence its work.

The kick-off meeting should be organised as soon as possible, while the Council legislative work on the file is ongoing. This would demonstrate a genuine commitment to respecting previous agreements among the institutions.

A similar letter has been sent to the President of the European Commission.

Yours sincerely,



Roberta Metsola

DRAFT LETTER

from: Chair of the Permanent Representatives Committee

to: President of the European Parliament

cc: President of the European Commission

Madam,

I take note of your letter of 27 March 2025 concerning the request to initiate the budgetary scrutiny procedure for proposals based on Article 122 TFEU with potential appreciable implications for the Union budget, in relation to the Commission proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry Instrument. I have the pleasure to inform you that the Council is ready to accept this request.

As the joint declaration clearly states, the scrutiny procedure is without prejudice to the powers of the Council under Article 122 TFEU and shall aim at a constructive dialogue between the two branches of the budgetary authority with a view to seeking a joint understanding of the budgetary implications of the envisaged legal act having due regard to the urgency of the matter.

As a consequence, I note the importance for the institutions to be represented in the Joint Committee by representatives at the appropriate level.

Bearing this in mind, we are at your disposal for discussing the practical arrangements of organising the procedure.

This letter is sent for information to the President of the Commission with an invitation to join the discussion on the organisation of the procedure and the work of the Joint Committee.

(Complimentary close)

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