



Brussels, 7 January 2026
(OR. en)

5096/26

Interinstitutional Files:
2025/0084 (COD)
2025/0122 (NLE)

COH 4	POLMIL 4
SOC 9	FISC 4
ENER 4	FIN 4
ENV 10	ECOFIN 11
CADREFIN 4	UEM 9
CODEC 13	INST 2
INDEF 3	PARLNAT 2
COPS 6	
PARLNAT	

COVER NOTE

From: The Irish parliament (Houses of the Oireachtas)
date of receipt: 17 December 2025
To: The President of the Council of the European Union

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review
[7682/25 - COM(2025) 123 final]
Proposal for a COUNCIL REGULATION establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry instrument
[7593/5/25 - COM(2025) 122 final]
- Opinion on the application of the Principles of Subsidiarity and Proportionality

Delegations will find enclosed the opinion¹ of the Irish parliament (Houses of the Oireachtas) on the above.

¹ The translation(s) of the opinion may be available on the Interparliamentary EU Information Exchange website (IPEX) at the following addresses:

<https://secure.ipex.eu/IPEXL-WEB/document/COM-2025-0123>

<https://secure.ipex.eu/IPEXL-WEB/document/COM-2025-0122>



An Comhchoiste um Airgeadas, Caiteachas Poiblí,
Athchóiriúchán Seirbhíse Poiblí agus Digitiúchán,
agus an Taoiseach

Tuarascáil maidir le Tosaíocht a Thabhairt do Mhaoiniú do
Chosaint in AE

Nollaig 2025

**Joint Committee on Finance, Public Expenditure, Public
Services Reform and Digitalisation, and Taoiseach**

Report on the Prioritisation of Defence Funding in the EU

December 2025

34/F/03

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Publications

All publications for this committee are available on the Oireachtas website [here](#).

Committee videos

Footage of Committee proceedings can be found on the Committee videos page [here](#).

Committee debates

Transcripts of Committee debates can be found on the Committee debates page [here](#).

Contact details

The contact details for the Committee can be found on the Committee page [here](#)

Orders of Reference

Read the [Orders of Reference](#) for the Committee.

Committee Membership

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[Mairéad Farrell TD](#), Sinn Féin

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[Cian O'Callaghan TD](#), Social Democrats

[Senator Cathal Byrne](#), Fine Gael [Senator](#)

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Forward

As part of its remit, the Joint Committee on Finance, Public Expenditure, Public Services Reform and Digitalisation, and Taoiseach ('the Joint Committee') undertakes scrutiny of European Union Commission legislative proposals (COMs). This report examines two legislative proposals which have been assigned to the Joint Committee for scrutiny.

The first of these is COM(2025)122 a proposal for Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of the European defence industry Instrument. This proposal represents one pillar of the ReArm Europe plan and seeks to provide a new EU financial instrument – the Regulation establishing the Security Action for Europe (SAFE) - to raise up to €150 billion in capital markets to support and accelerate national investments through the reinforcement of the European defence industry Instrument.

The second is COM(2025)123, a proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review. The legal framework for the cohesion policy programmes provides for a mid-term review in 2025, offering member states the option to redirect resources from the 2021-2027 period towards investment in areas such as EU defence capabilities, competitiveness and other emerging priorities, by submitting corresponding programme amendments to the Commission.

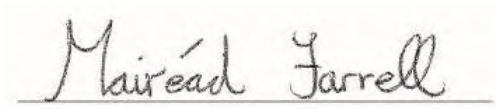
COM(2025)122, the SAFE Regulation, has been adopted under the Non Legislative procedure which prohibits the issuing of a Political Contribution in the usual way.

As a result of its examination of these proposals, the Joint Committee decided to produce a report on the wider issues arising from the prioritisation of defence funding by the European Union. While the various challenges facing the Union are well understood and

acknowledged, the Committee is concerned by the manner in which funding for defence is being carried out.

New financial instruments are being created for this purpose, alongside the utilisation of a range of existing financial instruments to provide funding for defence measures, while redirecting vital funding away from its original intended purpose. Further, the environmental impact, social impact, risk to life and increased possibility of armed conflicts as a consequence of increased defence funding will bring with them financial implications that do not appear to be subject to consideration in this context.

To this end, the Committee requests that the opinions set out in this report are considered in full by the EU institutions and the respective Irish Ministers when further negotiations around related proposals are examined. As Cathaoirleach, I would like to thank all those who made submissions to the Committee on these proposals and the witnesses who appeared in public session. Additionally, I would like to thank the Members of the Committee who have considered this topic collaboratively which has led to cross-governmental support for this report.

A handwritten signature in cursive script that reads "Mairéad Farrell". The signature is written in black ink on a light-colored background.

Mairéad Farrell TD

Cathaoirleach to the Committee 17

December 2025

Opinion of the Joint Committee

The Joint Committee is in full understanding of the various, significant challenges facing the Union. Russia's ongoing illegal war of aggression against Ukraine has generated a response across the European Union and prompted many member states to rethink their defence plans and capabilities. As defence is a national competence there is full recognition and acknowledgement of the right of member states determine the appropriate response to meet these challenges to international law and to peace on the continent.

However, the Committee's scrutiny of these proposals has revealed a number of concerns with the manner in which the Commission seeks to expand its role in funding of defence and security measures and to prioritise the funding of those measures through packages and instruments, totalling up to €800 billion, at the expense of other vital areas of investment.

1. The Committee opposes the use of the EU general budget to which Ireland is a contributor as a guarantee for the loans to be provided under the SAFE Regulation. The Committee highlights that the EU's treaties prevent the use of its funds for military expenditure and note the fact that equivalent measures have not been made available to allow countries to address the existential threat posed by climate change and the urgent need for a just transition.
2. The Committee notes that there is no standardised approach to reporting military emissions in the EU and encourages the Commission to use this moment of major investment to create a framework to ensure reporting on emission of the various militaries and their use and supply chains. The Committee further regrets that environmental effects of increased military expenditure and production have not been given due consideration in the development of measures to deal with urgent challenges facing the Union and in consideration of the urgent challenges facing the Union, further notes the presence of hard evidence of the existential risks to European peace and security posed by climate change.
3. The Committee is further concerned with the measures allowing redirection of existing cohesion funds towards defence purposes, while simultaneously removing much needed funding from its intended purposes.

4. The Committee note the selective suspension of the fiscal rules to accommodate large scale increases in military spending, and regret that no similar flexibility has been shown in relation to the climate crisis which poses a significant threat to our collective security.
5. The Committee is concerned by the shift in policy priorities by the Commission, which pushes the current Union further and further away from the Unions origins as project for peace.
6. It is the opinion of the Committee that in legislative files of significance such as the SAFE Regulation, the ordinary legislative procedure should be used.
7. The Committee is concerned that the SAFE programme may be in conflict with Article 29 of Bunreacht Na hÉireann, that affirms Ireland’s military neutrality. The Committee further notes that Article 29 commits Ireland to the ‘*pacific settlement of international disputes by international arbitration or judicial determination*’; within this legislation there is no guarantee that military equipment purchased with these loans will be used in consistency with these principles.
8. The Committee is of the opinion that there is a significant conflict between the SAFE Regulation and Ireland’s Cluster Munitions and Anti-Personnel Mines Act, 2008¹, which prohibits the Irish State from “investing, either directly or indirectly, in the production, stockpiling or use of cluster munitions and anti-personnel mines”. The Committee notes with concern the recent departure from The Convention on Cluster Munitions and/or the Anti-Personnel Mine Ban Convention by several EU states such as Poland, Latvia, Lithuania and Finland. The Committee further highlights the evidence from Commission officials during the meeting of 15 October which confirmed that, if in alignment with national policy, a member state may choose to spend this money on cluster munitions and landmines.

The Committee therefore believe there is an inherent legal risk that Irelands participation in this mechanism and underwriting of loans to countries who use that money to buy cluster munitions or landmines would be in breach of the 2008 Act.

¹ [Cluster Munitions And Anti-Personnel Mines Act 2008](#)

9. The Committee opposes the use of the EU general budget as a guarantee for the loans to be provided under the SAFE Regulation as this stands in contradiction to EU law prohibiting the EU General budget being used for the procurement of lethal weapons. Further, the Committee is concerned that to repay such large loans, indebted member states may be obliged to implement fiscal austerity measures.
10. Further, significant concerns arise with the lack of measures to ensure transparency of expenditure. That strong conditionality is not attached to the disbursement of loans secured by the EU general budget is considered unusual in the extreme.
11. The Committee accepts that strong safeguards related to fraud and financial management are features of the SAFE Regulation but seriously regrets the lack of consideration towards issues of human rights norms as a feature of the SAFE Regulation and is concerned about the potential for weaponry produced as a result of the Regulation to find its way to third countries including Israel that could potentially be used in the ongoing genocide against the Palestinian people.
12. The Committee is also concerned that the SAFE mechanism will facilitate a significant increase of military expenditure by countries who are found to be in breach of the Charter of Fundamental Rights and involved in the suppression of civil society. We note that the potential for a shift towards authoritarianism in some EU member states represents its own security risks and question whether prioritising and underwriting the military strength of such states is a wise or appropriate step.
13. The notes concern in relation to the legality of the SAFE programme, and how it may potentially breach Article 41(2) of the Treaty on European Union (TEU) which prohibits 'expenditure arising from operations having military or defence implications' from being charged to the EU budget.
14. The Committee is deeply concerned by the provisions within the SAFE measure which allow states to spend up to 35% of the value of loans received on components from third countries without any safeguards in relation to human rights concerns arising in those countries. We note for example the risk that these funds may be used to purchase

military components from Israel which have been developed or 'tested' through war-crimes.

15. The Committee is concerned by the inequitable and potentially negative economic effects of this mechanism on the Union as a whole, as investment is redirected away from broader regional investment spread across all member states, into an industry dominated by a handful of larger member states. The Committee further notes evidence that defence spending of this type has a very limited scope for economic growth and return on investment.
16. The Committee notes that as a neutral country, there are concerns that Ireland will be contributing to the procurement of, and the underwriting of loans for weapons and military hardware that may be inconsistent with that stated neutral position.
17. The Committee recognises the overwhelming value of social cohesion to a peaceful Europe, noting our own history and the contributions that social cohesion funding and the involvement of the EU has made to peaceful and prosperous communities in Ireland. The Committee believes that the effects of the dilution of social cohesion funding will be felt the hardest those communities shaped by conflict.

Introduction

As part of its remit, the Joint Committee on Finance, Public Expenditure, Public Services Reform and Digitalisation, and Taoiseach ('the Joint Committee') undertakes scrutiny of EU legislative proposals. Draft legislative proposals (referred to as 'COMs') are received from the European Commission and passed on to the relevant sectoral committee for scrutiny at a National Parliamentary level.

The Joint Committee is responsible for the scrutiny of a significant number of legislative proposals, with a range of options available to the Committee in how it chooses to handle scrutiny. This report examines two such legislative proposals which have been assigned to the Joint Committee for scrutiny:

- *COM(2025)122 - Proposal for a COUNCIL REGULATION establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry Instrument*
- *COM(2025)123 - Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid- term review*

The Joint Committee first considered both proposals at its private meeting on Wednesday 28 May, during which it was decided to carry out further scrutiny. In the first instance the Committee agreed to seek written submissions from interested parties, with a call for written submissions opened on the Committee webpage from the 29th May to 16 June. Links to the submissions received and a summary document are available at Appendix A.

On foot of the information contained within the submissions, the Committee then decided to continue scrutiny by way of holding two public sessions with invitations issued to the European Commission, the Department of Finance, and academics. A full list of witnesses and links to transcripts of the meetings is available at Appendix B. As a result of its examination of these proposals, the Joint Committee decided to produce a report on the wider issues arising from the prioritisation of defence funding by the

European Union. While the various challenges facing the Union are well understood and acknowledged, the Committee is concerned by defence spending being used as the primary means to achieve peace and justice. New financial instruments are being created for this purpose, alongside the utilisation of a range of existing financial instruments to provide funding for defence measures, while redirecting vital funding away from its intended purpose. Further, the associated environmental impacts, social impacts, risk to life and increased possibility of armed conflict increased defence funding will bring with them financial implication that do not appear to be subject to consideration in this context.

Background: ReArm Europe Plan/Readiness 2030

In the Commission's view Russia's ongoing military aggression towards Ukraine has led to a structural change in European security and defence, and European geopolitics, with the effect that Member States must now rethink their defence plans and capacities.² As such, the Commission is of the view that further increases to defence investment are necessary to compensate for past underinvestment and to rapidly meet the defence product needs to deter the increasing threat posed by Russia. In this context the Commission has presented the ReArm Europe Plan/Readiness 2030³, structured around five key pillars.

The ReArm Europe Plan outlines concrete legal and financial means to support the defence investments of Member States. ReArm Europe is a package of initiatives that provides financial options for Member States to increase their defence investment and enhance their defence capabilities in the face of increasing geopolitical tensions, particularly following Russia's aggression toward Ukraine. It looks to enhance EU solidarity in addressing the collective defence challenges posed by external aggressions, which affect not just individual Member States but also the security of the Union as a whole. The plan aims to ensure that defence capabilities across the Union are strengthened in a coordinated manner, with emergency measures such as fiscal flexibility

² [COM COM\(2025\)0122 EN.pdf](#)

³ European Parliament briefing on the ReArm Europe/Readiness 2030 plan available [here](#)

and financial assistance deemed necessary to assist Member States in enhancing their defence capabilities.

COM(2025)122: the SAFE Regulation

COM(2025)122 is a proposal for Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of the European defence industry Instrument.

This proposal represents one pillar of the ReArm Europe plan and seeks to provide a new EU financial instrument – the Regulation establishing the Security Action for Europe (SAFE) - to raise up to €150 billion in capital markets to support and accelerate national investments through the reinforcement of the European defence industry Instrument.

The proposal has been framed as a temporary, emergency instrument to allow for Union financial assistance to Member States in the form of loans to enable them to carry out investments in the European Defence Technological and Industrial Basis (EDITB) which are considered necessary in light of the exceptional situation.

Further, the allocation of the €150 billion envelope to Member States would be demand-driven with no requirement for Member States to engage with the initiative should they not wish to do so. However, those Member States wishing to receive loans will be required to submit a European Defence Industry Investment Plan to the Commission.

It is envisaged that the proposal would allow Member States to significantly scale up their defence investments through common procurement from the European defence industry and by focusing on priority capabilities. Member States buying together will ensure interoperability for their Defence Forces, predictability for the European defence industry, reduced costs, and more broadly, the scale needed to strengthen the European defence industrial base. These are seen by the Commission as being key to ensuring both the competitiveness and the readiness of the European defence industry.

While the loans support the common procurement of defence products, including manufacturing capacities, preparation of infrastructure, etc, the intent is that the focus of Member States' procurement should address the capability priorities that have been identified at the broader EU level. These priorities include ammunition, drones, critical infrastructure protection, cyber, etc.

Key issues raised in submissions

The Joint Committee opened a call for written submissions on the committee webpage from 29 May to 16 June 2025. Some 17 submissions were received from a number of interested parties, ranging from political representatives, academics, interest groups and concerned citizens. Across the range of submissions received, a common view was that the proposed SAFE Regulation⁴ poses significant questions from both a policy and legal perspective regarding the direction of travel in respect of arms expenditure within the European Union (EU). It is suggested that this policy and the wider policy shifts in respect of militarisation and the push towards public subsidising of the European defence industry - notably through the ReArm Europe/Readiness 2030 Agenda - is considered as directly undermining Irish neutrality, the peaceful founding purposes of the EU and the European Treaties.

While the above outlines the broad view held by those who have made a submission on the proposal, a number of more specific key issues were raised. These issues in the main relate to:

- The use of Article 122 of the TFEU as the legal basis for the Regulation
- Potential conflict with obligations under national legislation (Cluster Munitions and Anti-Personnel Mine Act 2008)
- Potential breach of Article 29 of Bunreacht Na hÉireann (the Constitution)
- Consequential impacts of the commitment towards increased military and defence spending by NATO member countries
- The environmental impacts flowing from increased military and defence spending

The use of Article 122 of the TFEU

The submission received from the National Platform for EU Research and Information Centre refers to the use of Article 122 of the TFEU⁵ to underpin this proposal which is intended for allowing expenditure in specific and limited circumstances:

⁴ <https://ipexl.europarl.europa.eu/IPEXL-WEB/document/COM-2025-0122>

⁵ [EUR-Lex - 12008E122 - EN](#)

“1. Without prejudice to any other procedures provided for in the Treaties, the Council, on a proposal from the Commission, may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the field of energy.

2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control, the Council, on a proposal from the Commission, may grant, under certain conditions, Union financial assistance to the Member State concerned. The President of the Council shall inform the European Parliament of the decision taken. “

As such, the submission takes the view that the wording of this Article is clear that it should not be used as a legal basis for military purposes.

The submission received from the Centre of Full Employment and Equity (CofFEE) also draws attention to the use of Article 122 as the legal underpinning of the SAFE Regulation.

The submission highlights the wording of the Article and lists the instances where this Article has previously been utilised to justify action:

1. To establish a European financial stabilisation mechanism during the Global Financial Crisis
2. During the early period of the Covid-19 pandemic to provide emergency support under Council Regulation (EU) 2020/521 (April 14, 2020)
3. To establish a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the outbreak of Covid-19
4. To justify the establishment of the coordinated demand-reduction measures for gas following the outbreak of Russia’s war of aggression against Ukraine
5. Also in the Ukraine context, the emergency intervention to address high energy prices

The submission notes that while Article 122 is intended as a vehicle to address emergencies, the way that it is being used is suggestive of policy development that is more structural rather than reactive.

The submission further refers to the suggestion within the White Paper – *European Defence and the ReArm Europe/Readiness 2030* of an extra 1.5% of GDP being added to the Stability and Growth Pact (SGP) fiscal deficit threshold and observes that this proposal may have the effect of forcing Member States into austerity. Reference is made to the fact that Member States predominantly procure military equipment from beyond their borders, particularly from the US. As such, the submission observes that there is the potential for considerable leakage from the domestic economy of Member States investing in military expenditure under the SAFE instrument.

COM(2025)123: Mid-term review of Cohesion Policy

COM(2025)123 is a proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review.

Background to proposal

The EU's main investment policy encompasses a number of programmes which seek to support job creation, competitiveness, economic growth, sustainable development and improvements to quality of life. Cohesion policy is delivered through four specific funds, namely:

- The [European Regional Development Fund \(ERDF\)](#),
- The [Cohesion Fund \(CF\)](#)
- The [European Social Fund Plus \(ESF+\)](#)
- The [Just Transition Fund \(JTF\)](#)

The legal framework for the cohesion policy programmes provides for a mid-term review in 2025, offering member states the option to redirect resources from the 2021-2027 period towards investment in areas such as EU defence capabilities, competitiveness and other emerging priorities, by submitting corresponding programme amendments to the Commission.

However, the Commission has taken the view that the framework for cohesion policy investments as set out in the ERDF, Cohesion Fund and JTF regulations is not sufficiently

aligned with emerging priorities and further, additional flexibility is considered necessary to accelerate investment in these areas.

In light of this, the Commission has adopted targeted amendments to Regulations (EU) 2021/1056 (JTF) and (EU) 2021/1058 (ERDF and CF) with the aim of using the mid-term review of cohesion policy to maximise its contribution to the current and emerging political priorities of the Union. The amendments aim to align investment priorities with the evolving economic, societal and geopolitical context, as well as introduce greater flexibility to allow rapid deployment of resources and accelerate implementation.

Redirection of cohesion funds to EU strategic priorities is not mandatory.

Key issues raised in submissions

An open call for submissions was made on this proposal, with a large number of responses received. Across the range of submissions received on this proposal, there are a number of key issues raised which relate to:

- The proposed redirection of Cohesion Funding towards objectives which are in opposition to its stated objectives
- Potential conflict with Article 29 of Bunreacht Na hÉireann and Ireland's stated position of neutrality
- Potential conflict with Article 41.2 of the TEU
- The environmental impacts of increased military and defence spending
- Potential impacts to poverty levels and social exclusion

The submission received from MEPs Lynn Boylan and Kathleen Funchion notes that this is an unprecedented move and urges reflection about the source of the funding. It highlights Ireland's status as a net contributor to the EU budget and the fact that cohesion policy accounts for about one third of this budget. The submission observes that Ireland's policy of neutrality is not compatible with the Irish taxpayer funding the defence industry and armed forces of other States. The submission therefore asserts that the proposal is incompatible with Irish neutrality and sovereignty and suggests that this marks a breach of the principle of subsidiarity.

The submission draws attention to the fact that Cohesion Policy provided a funding stream towards peace initiatives in Ireland and views the proposed diversion of the same stream of funding towards military and defence initiatives as inconceivable. Finally, the submission outlines that the mid-term review will set the scene for the next seven-year period and notes that within this context, raising concerns at this point is vital.

This submission received from the European Anti-Poverty Network draws attention to the continuing levels of poverty across the EU, currently standing at 93.3 million people at risk of poverty or social exclusion, equating to almost 21% of the population. The submission further references the introduction of the ESF+ in 2021 as being a vital instrument in combating social exclusion and of particular importance in supporting those facing severe material deprivation. While these programmes provide much needed support across a range of areas, substantial increases are required to meet need.

The submission states that the proposed amendments will have a detrimental impact on funding poverty eradication, with the addition of supporting the defence industry as a new priority under the ESF+ representing a dilution of the funding already available to those areas currently benefitting from the fund.

The submission received from Galway Alliance Against War (GAAW) observes an apparently contradictory stance of the EU with regard to fiscal priorities, drawing attention to the use of strict debt brakes and fiscal compacts in comparison to the current policy of increased funding towards military and defence measures.

Militarisation is viewed as taking place at the expense of climate action, with funding towards climate measures being decreased to redirect funding towards military and defence spending. The submission suggests that funding should be directed towards ending fossil fuel dependence, supporting communities affected by climate disasters and creating jobs in renewable energy and green infrastructure.

The submission identifies that the proposed amendments flowing from COM(2025)123 represent a fundamental transformation to cohesion policy. New European Regional Development Fund objectives would fund defence industries and dual-use military infrastructure which directly contradicts the cohesion policy's foundational purpose of reducing inequality and building social cohesion.

The submission makes further reference to the obligations of the Irish State under Article 29 of Bunreacht na hÉireann (the Constitution) and adherence to international law, while the Supreme Court's ruling in *Crotty v. An Taoiseach* (1987)⁶ established that any substantive transfer of sovereignty over foreign policy matters requires democratic consent via referendum. Crucially, defence remains outside EU competence (TEU Article 42(2))⁷, and cohesion funds cannot legally be repurposed for military objectives without violating the principle of conferred powers. Ireland retains an unambiguous veto under EU law (TEU Article 42(2)), which the submission suggests ought to be exercised to block these *ultra vires* amendments.

Evidence from Public sessions

The Joint Committee held two public sessions to discuss these proposals, inviting representatives from the Conflict and Environment Observatory, the Transnational Institute, officials from the Department of Finance, Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, Department of Foreign Affairs and Trade, and Department of Defence, and European Commission officials to give evidence. A full list of witnesses, transcripts of these meetings and subsequent correspondence can be found at Appendix B.

Discussion across the meetings held was wide-ranging but held a central theme of the prioritisation of defence funding by the EU and the subsequent impacts flowing from the creation of new financial instruments, alongside the impacts of redirection of existing funding to achieve this priority. Chief among the concerns raised were the environmental and societal impacts of increased military expenditure, the use of the EU budget to guarantee SAFE loans and ensuring transparency of expenditure arising in this regard.

Redirection of existing funding from intended objectives

COM(2025)123 is directly related to social cohesion funding with the aim of refocusing investments on critical priorities in the context of the mid-term review of cohesion policy.

⁶ [Judgment of the Supreme Court of Ireland, 'Crotty v. An Taoiseach' \(9 April 1987\)](#)

⁷ [EUR-Lex - 12008M042 - EN - EUR-Lex](#)

Members observed that COM (2025)123, aims to allow for the redirection of the EU budget towards military and defence and away from social cohesion. Members recalled the European Coal and Steel Community's founding statement⁸ which spoke about co-operation as a means towards redirecting common investment away from ammunition and military expenditure, with the explicit intent of finding ways to redirect funding and end investment in the manufacture of arms, of which the citizens of Europe were ultimately the greatest victims.

During the meeting of 24 September, Members drew attention to the vital role Cohesion funding has played in Ireland, key in helping to secure and maintain peace in the North of Ireland and ensuring there are constructive and positive measures for communities on the Border.

Rather than investing in social cohesion to hold together the EU and the societies within it together, there is now a shift towards investing in defence and militarisation.

Members noted that there is little conditionality attached to the loans that are to be provided by these new regulations, meaning that once the loans have been disbursed there are no safeguards to ensure that proceeds remain within the EU.⁹ To this end, Members queried the reasoning behind channelling significant sums of money into the military industry without caveat.

Commission officials drew attention to the fact that the possible redirection of cohesion funding via the mid-term review is at the complete discretion of member states. The Committee heard that the Commission has been asked to identify additional funds that could be spent in the area of defence - such as defence infrastructure projects and military mobility projects - rather than arms. It was clarified that the recommendation is not intended to diminish expenditure on social and cohesion projects. Rather, the Commission takes the view that it is making an allowance for redirection of moneys not used and that most likely, will not be used before the end of the current MFF, towards another priority namely, defence.¹⁰

⁸ [Schuman Declaration May 1950 | European Union](#)

⁹ [JCFPEPSRDT Transcript 24.09.25 p.18](#)

¹⁰ [JCFPEPSRDT Transcript 15.10.25 p.11](#)

Environmental and Societal impacts of increased military expenditure

Representatives of the Conflict and Environment Observatory told the Committee that militaries are a highly polluting sector and as such, every euro that goes towards military spending comes at a heavy cost to the climate. The Committee heard that in 2019 it was estimated that militaries and their supply chains were responsible for 5.5% of global greenhouse gas emissions, representing more than the emissions from international aviation and shipping sectors combined.

Global military spending stood at \$1.9 trillion for the year 2019 with this figure increasing to a record spend of \$2.7 trillion by 2024. The Committee heard that if current trends persist, global military spending could reach \$6.6 trillion by 2025, which is almost five times the level at the end of the Cold War and more than twice the expenditure of 2024.

Witnesses observed that in theory, ReArm Europe is intended to protect and maintain Europe's safety and security, but by jeopardising efforts to mitigate the climate crisis and weakening capacity to adapt to climate impacts, the plan prioritises short term security at the expense of our collective long-term security. Further, while data on military emissions is patchy, the research is clear that unconstrained military spending is incompatible with the EU's commitment to reach net zero by 2025.

It was emphasised that increases in military spending will directly increase emissions. This in turn will worsen the climate crisis and render the Paris Agreement goals of limiting warming to 1.5 degrees Celsius impossible. The Conflict and Environment Observatory estimate that the climate impact of ReArm Europe, taken alongside NATO's spending increase, will create up to €264 billion of climate damage per year.¹¹ Attention was drawn to the shift in focus from the European Green Deal to the current focus on military and defence with representatives of the Conflict and Environment Observatory telling the Committee that in comparison to efforts being made towards military and defence "we have not really seen this kind of mobilisation and this framing of the climate emergency."¹²

¹¹ [JCFPEPSRDT Transcript 24.09.25 p.17](#)

¹² [JCFPEPSRDT Transcript 24.09.25 p.17](#)

The Committee heard about the “military emissions gap” which is a term to describe the difference between what is reported by EU militaries to the United Nations Framework Convention on Climate Change (UNFCCC) in terms of emissions versus how much climate damage they are actually responsible for in the carrying out of military activity. Recent estimates put the military emission gap at 82%.¹³

While it now seems clear that there are going to be substantial increases in military procurement, witnesses reminded members that there is no standardised approach to reporting military emissions in the EU and encouraged Members to use this moment of great investment to create a framework to ensure reporting on emission of the various militaries and their use and supply chains.

Social cohesion can be taken for granted during times of stability, when it is easy to forget the efforts required to reach that stability in the first instance. The diminishment of social cohesion funding brings with it potential implications in terms of peace and security.

Members observed with interest the existence of the exit clause from the Stability and Growth Pact in relation to arms expenditure, highlighting that there does not appear to have been a similar allowance around expenditure on the climate emergency. While the risks to peace and security are understood, there must be a balance in measures designed to assist the various challenges faced across the Union.

Military investment as a deterrent

During the meeting of 24 September, there was discussion around the distinction between financial contributions as opposed to military contributions of Member States, with some Members taking the view that contributing financially to the wider EU project aiming to develop a large-scale deterrent represents a means to ensure that the cheapest price possible is achieved and, in that regard, the instrument is considered useful. From this perspective the instrument is viewed as investing in the deterrent; an investment in strengthening Europe’s eastern border which in turn, helps to protect everyone in the EU.

Members raised the threat posed by Russia, the conflict in Ukraine and the potential for

¹³ [JCFPEPSRDT Transcript 24.09.25 p.21](#)

that conflict to spread to other European countries. Within this context, it was suggested that Europe is justified in taking necessary measures to strengthen defence and military capabilities, in order to prevent this from happening. In response to this assertion, representatives of the Conflict and Environment Observatory made the point that in consideration of threats to Europe, much discussion centres around Russia and the potential threats authoritarian governments across the world pose to people's security, while the existential threat posed by climate change features much less in discussions.

The Committee heard that from the view of the Commission officials present, defence is considered in terms of the industrial perspective and what is required to assist member states to ramp-up defence industrial capabilities to the necessary standard to ensure common security defence and meet the requirements set by NATO, such as the 5% investment in defence. Commission officials explained that the objective of European defence programmes they manage is to strengthen European industry and independence in industrial capacities and reduce dependencies on other countries.¹⁴

Representatives of the Conflict and Environment Observatory noted that if a historical overview is taken, points of incredibly high military spending are not points of peace. Such periods are typically followed by great efforts to reduce military spending. With the current projected pattern of military spending by 2035 spend in this area could be as high as €6.6 trillion which is nearly five times the level at the end of the Cold War.¹⁵

Legal basis for the SAFE Regulation

The SAFE Regulation will see applicant countries draw down loans which are secured against the EU's budget. If Member States default on repayments it will fall to the EU as guarantor of the fund to repay the amount outstanding. This would in turn, see the EU budget being dispersed to cover the cost of procuring lethal weapons, which is as previously mentioned, prohibited under EU law. Ireland, as a net contributor to the EU, would then potentially be liable for repaying part of the outstanding debt.

¹⁴ [JCFPEPSRDT Transcript 15.10.25 p.15](#)

¹⁵ [JCFPEPSRDT Transcript 24.09.25 p.31](#)

The legal basis for the SAFE Regulation is underpinned by Article 122 of the TFEU. Article 122¹⁶ is an emergency measure that permits the European Commission and the Council to bypass the Parliament in cases of “...*severe difficulties caused by natural disasters or exceptional occurrences...*”.

41.2 A legal question thus arises with regard to this Regulation and its interaction with Article 41.2 of the TFEU.¹⁷ Members highlighted Article 41.2 of the TFEU which excludes the use of the EU budget “*arising from operations having military or defence implications*” and queried the use of Article 122, observing that the use of this Article appears to provide a means to circumvent the obligations under Article 41.2.

Members drew attention to an opinion issued by a Committee of the Bundestag which questioned the legality of what is proposed under this programme in the context of conflicts with Article 41.2 of the TFEU and sought the views of the Commission officials present on that opinion.¹⁸ In response, Commission officials told the Committee “On the legal basis that we used to design the instruments, we strongly believe, and it was assessed several times, including by the Council, that it was the right instrument considering the situation that we face. We are not interfering with the action that was undertaken by European Parliaments. We have no say in that, we are in a wait-and-see mode.”¹⁹

During the meeting of 15 October with officials from the European Commission and Government Departments, Committee members drew attention to the Cluster Munitions and Anti-Personnel Mines Act, 2008²⁰, which prohibits the Irish State from investing, either directly or indirectly, in the production, stockpiling or use of cluster munitions and anti-personnel mines.

With this in mind, Commission officials were asked whether there are any safeguards against the purchase of cluster munitions or anti-personnel mines through the loans secured under the SAFE regulation or the moneys reallocated under the mid-term review of cohesion funding. Commission officials told the Committee that it is the

¹⁶ [Article 122 of the Treaty on the Functioning of the European Union](#)

¹⁷ [Article 41 of the Treaty on the Functioning of the European Union](#)

¹⁸ [Flagship EU defence plan may be illegal, German parliamentary report warns – POLITICO](#)

¹⁹ [JCFPEPSRDT Transcript 15.10.25 p.33](#)

²⁰ [Cluster Munitions And Anti-Personnel Mines Act 2008](#)

responsibility of member states to define what they put in their national plans under the SAFE regulation, confirming that if it aligns with national policy a member state may choose to spend this money on cluster munitions and landmines.²¹

Of key concern here in the case of Ireland is the investment side whereby member states are being asked to collectively contribute to the guarantee, which is the EU general budget. Poland, Latvia, Estonia, Lithuania and Finland have moved to withdraw from the Anti-Personnel Mines Convention and Lithuania has withdrawn from the Convention on Cluster Munitions, while Finland, Latvia, Estonia, Poland, Romania and Greece never acceded to the latter convention. Some of these countries have announced large investments into the production and procurement of landmines and cluster munitions, if they were to default it would be underwritten by the EU budget and all contributors, including Ireland, to the EU budget would be underwriting loans for weapons which Ireland has deemed illegal and prohibited all direct and indirect investment in.

Use of EU Budget to guarantee SAFE Loans

Questions were raised with regard to the 'backstop' through which the loans would be secured against the EU budget and the potential legal issues arising which would prevent Ireland in meeting an obligation under that backstop because, in theory, this would represent direct payment for weaponry.

With regard to the operation of the backstop, the loans are acquired by the European Commission raising capital on the international markets. At the time of the meeting, 19 countries had submitted requests and are preparing their national investment plans due for submission in November 2025. The Council will then consider those plans, and they will be adopted in January. The loans will be taken out by Member States but will be secured against the European Union's general budget.

Members raised points made in written submissions to the Committee, drawing attention to economic analysis which suggests that these regulations would serve to directly funnel money away from cohesion funding and indirectly in terms of loans, that is, debts. Concerns arise around the underwriting of the loans, alongside

²¹ [JCFPEPSRDT Transcript 15.10.25 p.6](#)

considerations around the additional debt that will ultimately require repayment by the Member States which have availed of the loan facility. In this regard it appears that the benefits will be accrued, in the main, by a small number of countries. This small number of large countries with the manufacturing capacity to benefit from this spending and by extension the private arms manufacturers operating in these markets, will do so at the expense of the broader number of member states benefiting from regional development investment. Further extrapolation of this argument views this as effectively underwriting arms industry.

At the meeting on 24 September, Members acknowledged the responsibility of states to invest in their defence forces, including in Ireland where members of the Defence Forces have reported a pressing need to ensure fair and equitable pay and conditions and the need for increased resourcing in recruitment, retention and wellbeing of those serving in the Irish Defence Forces.

The dangers that exist are recognised and it is understood that Ireland must be prepared. However, there is reservation around the direction that EU policy is travelling, and it may be pragmatic to seek alternative methods of working collectively.

Structure of SAFE Loans and European debt levels

The loans to be made available under the SAFE regulation will be structured by the EU borrowing money on capital markets and will then on-lend to member states. For high debt member states which face higher levels of borrowing costs, the EU can borrow more cheaply than they can, providing member states with a lower-cost source of funding for the purposes of spending under the regulation.

Commission officials confirmed to the Committee that member states who apply for and receive loans under the SAFE regulation will be granted a ten-year grace period before they must make repayments. Members queried whether a portion of the EU budget will be used to service the interest rate on the loans of up to €150 billion being provided to member states. Commission officials told the Committee that “Member states take these loans because they have more attractive and interesting interest rates than if member states took a loan nationally. That means the interest rate of the

loan will be paid by the member state taking the loan.”²²

Department officials told the Committee that Recital 28 of the Regulation refers to the grace period on the principal for up to ten years, so this would mean that the interest is not subject to the same grace period. This was confirmed to the Committee in a written response from the Commission received on 24 November 2025.

Members referred to the written submission received from the Centre of Full Employment and Equity (CofFEE), which took the view that the debt financing model posed by this regulation is unfit for purpose as it would force Member States into fiscal austerity should the debt obligations incurred under the SAFE programme push the balance into the excessive deficit procedure.

Members observed that in previous discussions within the Committee regarding investment, the fundamental consideration is that of financial risk. Decisions are arrived at based on whether a debt will be repaid as that is how the market functions, focused on financial risk. However, in the case under discussion, it appears that this regulation may well represent a financial risk for Ireland.

Attention was drawn to the debt level of member states applying for loans under the SAFE facility, with Members asking what incentives are being applied to ensure repayment. The Committee heard that member states “will have an obligation”²³ and advised that they will provide further detail in written response with regard to the measures available to the Commission to ensure repayment.

The Response received from the Commission, dated 24 November 2025, outlines that the measures ensuring repayment will be provided in a Loan Agreement to be signed with the Member State. The Loan Agreement must contain elements provided for in *Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast)* (the ‘Financial Regulation’).²⁴ In particular, Article 223(4)(d) and 223(5) provide for such measures as *acceleration, suspension, cancellation* in case of a default of a beneficiary. The specific rules related to recovery of amounts receivable are set

²² [JCFPEPSRDT Transcript 15.10.25 p.22](#)

²³ [JCFPEPSRDT Transcript 15.10.25 p.23](#)

²⁴ [Regulation - EU, Euratom - 2024/2509 - EN - EUR-Lex](#)

out accordingly in Section 5 of Chapter 6 of the Financial Regulation, including in particular Article 102 which provides for recovery by offsetting.²⁵

The Committee understands that the reasoning underlying the increase in military spending is related to concerns around the potential for war or invasion in some EU member states. If this were the case, there would undoubtedly be impacts on the economy. With this in mind, members asked whether a portion of the EU budget is being set aside on a yearly basis to provide for the unlikely scenario that member states are unable to repay these loans. Commission representatives were unable to answer this query during the meeting and committed to providing written response.

In response to this query also enclosed in the response received by the Committee on 24 November 2025, the Commission directed the Committee to information on budgetary safeguards which can be found in the factsheets available online on “The EU as a borrower - investor relations”.²⁶

Rule of Law concerns

The Committee heard from Department officials that the main objective of the regulation introduced by COM(2025)123 is to provide an opportunity to align cohesion policy investments to new priorities, notably, competitiveness and decarbonisation; access to water; sustainable water management and water resilience; defence and security; affordable housing; energy transition; and the challenges facing the eastern border regions.

The Opening Statement made by Department officials outlined to Members that the regulation, as finally agreed, included a provision which potentially allows for an element of the funds, the flexibility amount, to be transferred to the new objectives under the mid-term review despite funds having been suspended for breaches of conditionality on rule of law.

Officials told the Committee that Ireland, in the spirit of compromise, agreed to the final text. However, the Committee heard that Ireland, along with a number of other member states, believe it is inappropriate that funds which have been suspended can

²⁵ [EU Commission response 24.11.25](#)

²⁶ https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/factsheets_en

simply be transferred without the underlying reasons for the suspension having been addressed and that the final text should have gone further to expressly block such potential transfers.²⁷

Members noted the concerns raised by Department officials regarding Hungary and its ability to abide by rule of law, further noting that Hungary has applied for some €16 billion from the SAFE loan facility. Within this context Members expressed concerns that the situation is such that potentially €16 billion in military expenditure will be underwritten by the general budget, for a country where significant concerns about authoritarianism and the rule of law have been raised. Members asked if there is any concern around one of the largest drawdowns being made by a country in which there are concerns about the rule of law. In response, the Committee heard that *“exports are a national competence. The EU does not intervene in defence export questions of member states and therefore the SAFE regulation does not enter into this.”*²⁸

Ensuring transparency of expenditure

Members queried what if any, measures are employed towards tracking expenditure of the loans. Commission officials outlined that member states will have to submit National Investment Plans, by the end of November 2025. The Commission will then assess and submit a draft Council implementing decision. The Council must then assess to arrive at a decision, and subsequently a loan agreement and operational arrangements will follow. The Committee heard that there will be a mechanism that will allow the Commission to perform *ad hoc* checks on where and how the money is spent.²⁹

Members queried what safeguards are in place to ensure that the situation does not arise where Ireland, along with other member states, is in the position of underwriting loans that may be defaulted on to countries where there are significant rule of law issues. Further, Members queried what, if any, tracking measures are in place with regard to the flow of weapons around third world countries and whether consideration had been given to the potential risk regarding the fact of a larger amount of weaponry

²⁷ [JCFPEPSRDT Transcript 15.10.25 p.4](#)

²⁸ [JCFPEPSRDT Transcript 15.10.25 p.9](#)

²⁹ [JCFPEPSRDT Transcript 15.10.25 p.7](#)

production, in terms of increasing the global supply of weapons. Additional concerns arise as to whether there are safeguards to prevent those countries from using these weapons in ways that would not enjoy the support of the wider public or even against the citizens of that country.

Commission officials told the Committee that the checks foreseen under the SAFE regulation pertain to the conditions as laid out under the regulation, with the focus largely on how the money is spent and where. On the question of where the weapons might end up, or be re-exported to, that is not part of the SAFE regulation. *“The SAFE regulation is solely a mechanism that will provide member states with the financial leeway, with loans, to be able to procure.”*³⁰

Commission officials clarified that Article 14 of the SAFE regulation³¹ contains provisions related to inserting controls and audits in the loan agreements. The loan agreements will be specific to each member state and the Commission will insert any necessary provisions regarding controls and audits that respect Article 223 of the financial regulation, which includes any conditions related to fraud and default.³² These provisions will ensure that the Commission has access to any information, including classified information, that is necessary for verification of the disbursement of the payments and carrying out checks, reviews, audits, investigations and controls. Upon request for an instalment, the Commission will assess the duly justified request for payment and then decide whether to disburse the payment. If the assessment is that the request is not justified, the Commission can make a negative assessment which may suspend the payment of the loan either partially or fully.

Members observed that the safeguards relate to fraud and financial management and do not appear to provide any protection with regard to ensuring that once purchased, the weapons cannot be misused. Commission officials differentiated between the purpose of the SAFE agreement and its loan principle to provide member states with loans to purchase, and the actual use of the weapons. The Committee heard that *“the question of the rule of law with regard to specific member states is not part of the SAFE*

³⁰ [JCFPEPSRDT Transcript 15.10.25 p.8-9](#)

³¹ [SAFE regulation](#)

³² [JCFPEPSRDT Transcript 15.10.25p.16](#)

regulation. It is the overall objective. If you see it in the overall as key to the EU it is covered, but it is not in the regulation per se.”³³

Following the meeting, the Committee sought detailed information from the European Commission outlining how expenditure flowing from the SAFE Regulation would be tracked, asking specifically:

- What measures are in place to track where that money is spent
- Whether there are any tracking measures within the Regulation, other than purely financial checks, such as measures to track human rights norms and the ultimate use of weapons

The Committee received a written response to this query on 24 November 2025, which is as follows:

*“As stated in Article 21 point 2 of the SAFE Regulation: *The Commission shall have access to information, including classified information, strictly necessary for the purpose of verifying the conditions for disbursement of payments and carrying out the checks, reviews, audits, investigations, reports as well as the controls and audits, as referred to in Article 14.* Aspects concerning human rights norms and the ultimate use of weapons are under the direct responsibility of each Member State.”³⁴*

Opinion of the Joint Committee

The Joint Committee is in full understanding of the various, significant challenges facing the Union. Russia’s ongoing illegal war of aggression against Ukraine has generated a response across the European Union and prompted many member states to rethink their defence plans and capabilities. As defence is a national competence there is full recognition and acknowledgement of the right of member states determine the appropriate response to meet these challenges to international law and to peace on the continent.

However, the Committee’s scrutiny of these proposals has revealed a number of concerns with the manner in which the Commission seeks to expand its role in funding of defence and security measures and to prioritise the funding of those measures through packages and instruments, totalling up to €800 billion, at the expense of other vital areas of investment.

³³ [JCFPEPSRDT Transcript 15.10.25 p.17](#)

³⁴ [Correspondence received from EU Commission 24.11.25](#)

1. The Committee opposes the use of the EU general budget to which Ireland is a contributor as a guarantee for the loans to be provided under the SAFE Regulation. The Committee highlights that the EU's treaties prevent the use of its funds for military expenditure and note the fact that equivalent measures have not been made available to allow countries to address the existential threat posed by climate change and the urgent need for a just transition.
2. The Committee notes that there is no standardised approach to reporting military emissions in the EU and encourages the Commission to use this moment of major investment to create a framework to ensure reporting on emission of the various militaries and their use and supply chains. The Committee further regrets that environmental effects of increased military expenditure and production have not been given due consideration in the development of measures to deal with urgent challenges facing the Union and in consideration of the urgent challenges facing the Union, further notes the presence of hard evidence of the existential risks to European peace and security posed by climate change.
3. The Committee is further concerned with the measures allowing redirection of existing cohesion funds towards defence purposes, while simultaneously removing much needed funding from its intended purposes.
4. The Committee note the selective suspension of the fiscal rules to accommodate large scale increases in military spending, and regret that no similar flexibility has been shown in relation to the climate crisis which poses a significant threat to our collective security.
5. The Committee is concerned by the shift in policy priorities by the Commission, which pushes the current Union further and further away from the Unions origins as project for peace.
6. It is the opinion of the Committee that in legislative files of significance such as the SAFE Regulation, the ordinary legislative procedure should be used.
7. The Committee is concerned that the SAFE programme may be in conflict with Article 29 of Bunreacht Na hÉireann, that affirms Ireland's military neutrality. The Committee further notes that Article 29 commits Ireland to the 'peaceful settlement of international disputes by international arbitration or judicial determination'; within this legislation

there is no guarantee that military equipment purchased with these loans will be used in consistency with these principles.

8. The Committee is of the opinion that there is a significant conflict between the SAFE Regulation and Ireland's Cluster Munitions and Anti-Personnel Mines Act, 2008³⁵, which prohibits the Irish State from "investing, either directly or indirectly, in the production, stockpiling or use of cluster munitions and anti-personnel mines". The Committee notes with concern the recent departure from The Convention on Cluster Munitions and/or the Anti-Personnel Mine Ban Convention by several EU states such as Poland, Latvia, Lithuania and Finland. The Committee further highlights the evidence from Commission officials during the meeting of 15 October which confirmed that, if in alignment with national policy, a member state may choose to spend this money on cluster munitions and landmines.

The Committee therefore believe there is an inherent legal risk that Irelands participation in this mechanism and underwriting of loans to countries who use that money to buy cluster munitions or landmines would be in breach of the 2008 Act.

9. The Committee opposes the use of the EU general budget as a guarantee for the loans to be provided under the SAFE Regulation as this stands in contradiction to EU law prohibiting the EU General budget being used for the procurement of lethal weapons. Further, the Committee is concerned that to repay such large loans, indebted member states may be obliged to implement fiscal austerity measures.

10. Further, significant concerns arise with the lack of measures to ensure transparency of expenditure. That strong conditionality is not attached to the disbursement of loans secured by the EU general budget is considered unusual in the extreme.

11. The Committee accepts that strong safeguards related to fraud and financial management are features of the SAFE Regulation but seriously regrets the lack of consideration towards issues of human rights norms as a feature of the SAFE Regulation and is concerned about the potential for weaponry produced as a result of the

³⁵ [Cluster Munitions And Anti-Personnel Mines Act 2008](#)

Regulation to find its way to third countries including Israel that could potentially be used in the ongoing genocide against the Palestinian people.

12. The Committee is also concerned that the SAFE mechanism will facilitate a significant increase of military expenditure by countries who are found to be in breach of the Charter of Fundamental Rights and involved in the suppression of civil society. We note that the potential for a shift towards authoritarianism in some EU member states represents its own security risks and question whether prioritising and underwriting the military strength of such states is a wise or appropriate step.
13. The notes concern in relation to the legality of the SAFE programme, and how it may potentially breach Article 41(2) of the Treaty on European Union (TEU) which prohibits 'expenditure arising from operations having military or defence implications' from being charged to the EU budget.
14. The Committee is deeply concerned by the provisions within the SAFE measure which allow states to spend up to 35% of the value of loans received on components from third countries without any safeguards in relation to human rights concerns arising in those countries. We note for example the risk that these funds may be used to purchase military components from Israel which have been developed or 'tested' through war-crimes.
15. The Committee is concerned by the inequitable and potentially negative economic effects of this mechanism on the Union as a whole, as investment is redirected away from broader regional investment spread across all member states, into an industry dominated by a handful of larger member states. The Committee further notes evidence that defence spending of this type has a very limited scope for economic growth and return on investment.
16. The Committee notes that as a neutral country, there are concerns that Ireland will be contributing to the procurement of, and the underwriting of loans for weapons and military hardware that may be inconsistent with that stated neutral position.

17. The Committee recognises the overwhelming value of social cohesion to a peaceful Europe, noting our own history and the contributions that social cohesion funding and the involvement of the EU has made to peaceful and prosperous communities in Ireland. The Committee believes that the effects of the dilution of social cohesion funding will be felt the hardest those communities shaped by conflict.

Appendix A: Links to submissions from Public Consultation

- Submission received from Centre of Full Employment and Equity (CofFEE) available [here](#)
- Submission received from Clare Daly and Mick Wallace available [here](#)
- Submission received from Conflict and Environment Observatory (CEOBS) available [here](#)
- Submission received from Dr Karen Devine available [here](#)
- Submission received from Dr Thomas Palley available [here](#)
- Submission received from Elizabeth Cullen available [here](#)
- Submission received from Frank Keoghan available [here](#)
- Submission received from Galway Alliance Against War available [here](#)
- Submission received from Lynn Boylan MEP and Kathleen Funchion MEP (122) available [here](#)
- Submission received from Lynn Boylan MEP and Kathleen Funchion MEP (123) available [here](#)
- Submission received from Marian Naughton available [here](#)
- Submission received from National Platform EU Research and Information Centre available [here](#)
- Submission received from Uplift available [here](#)

Appendix B: Witness, transcripts and correspondence

Date and Transcript	Witnesses
Transcript 24.09.25	<ul style="list-style-type: none"> • Ms Ellie Kinney, the Conflict and Environment Observatory • Ms Niamh Ní Bhriain, the Transnational Institute
Transcript 15.10.25	<ul style="list-style-type: none"> • Ms Dinka Dinkova, European Commission • Mr Jannik Knauer, European Commission • Ms Paola Lo Bue Oddo, European Commission • Mr Guillame de la Brosse, European Commission • Mr Matthew McGann, PO EU Strategy Unit, Department of Finance • Ms Fiona Ralph, PO EU Budget Unit, Department of Finance • Ms Ruth Lennon, AP EU Strategy Unit, EU & International Unit, Department of Finance • Mr Andrew Condon, PO with responsibility for EU Cohesion Funds and North South, Department of Public Expenditure, Infrastructure, Public Services Reform and Digitalisation • Ms Nicole Mannion, Director of International Security Policy Unit, Department of Foreign Affairs • Mr James Ryan, PO EU/Industrial Engagement Unit, Department of Defence

Correspondence

- Correspondence received from Department of Finance: Further Scrutiny Note on COM(2025)122 available [here](#)
- Correspondence received from Department of Finance 21.11.25: Response to queries from meeting of 15.10.25 available [here](#)
- Correspondence received from DPEIPSRD: Response to request for further information on COM(2025)123 available [here](#)
- Correspondence received from EU Commission 13.06.25: Response to request for further information on COMs(2025)122 and 123 available [here](#)
- Correspondence received from EU Commission 24.11.25: Response to queries following meeting of 15.10.25 available [here](#)