

(English version)

**Question for written answer E-001294/25
to the Commission**

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(27 March 2025)

Subject: Eligible spending under ReArm Europe

On 4 March 2025, the President of the Commission presented the ReArm Europe plan to mobilise EUR 800 billion for EU defence capabilities. On the one hand, the proposal includes the orderly, temporary and coordinated activation of the national escape clause of the Stability and Growth Pact for defence spending, as defined by COFOG division 02. On the other hand, it earmarks EUR 150 billion for loans for defence investment, covering areas such as air and missile defence, artillery systems, missiles and ammunition, drones and anti-drone systems, as well as strategic needs relating to cybersecurity, military mobility and European joint procurement.

Since then, a number of governments have raised the possibility of broadening the definition of defence spending to include investments linked to climate change.

In view of the above:

1. Does the Commission believe that investments to tackle climate change can be included in the COFOG division 02 definition in order to provide fiscal flexibility?
2. Would these investments be included in the defence spending that is eligible for financing under this new fund?

Submitted: 27.3.2025

Answer given by Mr Kubilius on behalf of the European Commission
(2 July 2025)

The classification of the functions of government (COFOG) is a classification of transactions designed to apply to general government and its subsectors.

In the current version of the COFOG classification, which is used both globally and in Europe, there are 10 divisions, including division 02 Defence.

The classification is centred on primary purpose of government expenditure. Thus, division 02 Defence captures all government expenditure with primary purpose of supporting and developing defence capabilities, but it excludes expenditure and investment that has other primary purposes, like climate change.

The activation of the national escape clause of the Stability and Growth Pact for defence ⁽¹⁾ was justified by the exceptional circumstances created by Russia's aggression of Ukraine and its major impact on Member States' public finances.

The activation is framed in scope, size, and time to cater for a quick transition to a higher defence spending regime while preserving fiscal sustainability.

Member States should use the financial assistance provided under the Security Action for Europe (SAFE) Regulation ⁽²⁾ to carry out common procurements. Eligible defence common procurement should relate to the list of priority areas identified by Article 1 of SAFE Regulation.

In addition, Article 16 sets out eligibility conditions applying to contractors, subcontractors and products participating in common procurement supported by SAFE.

Therefore, to be supported under the SAFE instrument, investments also contributing to tackling climate change need to fall into one of the areas identified in Article 1 of SAFE Regulation and be channelled through common procurement, which complies with the eligibility conditions set out in the regulation.

⁽¹⁾ https://defence-industry-space.ec.europa.eu/document/download/a57304ce-1a98-4a2c-aed5-36485884f1a0_en?filename=Communication-on-the-national-escape-clause.pdf.

⁽²⁾ <https://eur-lex.europa.eu/eli/reg/2025/1106/oj/eng>.