

3rd February 2025

His Excellency
Donald Tusk
Prime Minister of Poland

His Excellency
António Costa
President of the European Council

Her Excellency
Nadia Calviño
President of the European Investment Bank

Joint Letter by Finland, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Romania, Slovakia, Spain and Sweden

In light of the ongoing security challenges facing Europe, including Russia's war of aggression against Ukraine, it is crucial that we take decisive action to strengthen Europe's overall defence readiness and capabilities and its defence industrial base. We should also enhance our capabilities to address hybrid threats such as securing critical infrastructure, which pose particular challenges and needs.

Within the security and defence financing ecosystem, the European Investment Bank (EIB) plays a key role in providing investment funding and leveraging private funding in the EU, which is essential for safeguarding our continent's future. By expanding funding mechanisms and employing all available means, we can address the urgent need to grow Europe's defense industrial and technological base, ensuring it is capable of meeting both immediate and long-term challenges.

We welcome the actions already launched in order to make sure that the EIB is up to those challenges and the personal commitment of the EIB President on this issue.

Finland, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Romania, Slovakia, Spain and Sweden welcome, as a significant step, that the EIB has changed its dual-use project requirements, set up a new credit line for security and defence SME financing as well as a one-stop shop for security and defence financing. The EIB's decision to increase the Gearing Ratio of the Bank to 290% will enable increased investments in critical areas such as security and defense.

However, we share the view that the EIB should continue exploring further ways to take an even stronger role in providing investment funding and leveraging private funding for the security and defence sector. Therefore, further progress is urgently needed. We propose the following:

1. Re-evaluate the list of excluded activities

The list of excluded activities and sectors should be re-evaluated as regards the security and defence industry lending. The terminology and content of excluded activities should be more precisely defined and as limited as possible in scope in order to be aligned with the new policy priorities of the EU. This should be done in a manner which safeguards the EIB's operations and financial position.

2. Adjust the lending policy to increase the volume of available funding in the field of security and defence

In addition, we urge the EIB to put stronger emphasis in its lending policy to enhance the support and the volume of available funding in the field of security and defence. This stronger emphasis on security and defence, for example by increasing the available investment volume of the Strategic European Security Initiative, should preserve effective financing of the EIB's other strategic priorities.

3. Investigate earmarked debt issuance for funding security and defence projects

Also, the possibility of specific and earmarked debt issuance by the EIB for funding security and defence projects should be discussed amongst other options as it could enhance transparency and provide clarity as well as the possibility of choice for investors. This should however be considered in consultation with financial markets and rating agencies regarding the feasibility of this possibility, with due attention to ensuring the most efficient and cost-effective funding for security and defence projects as well as to the possible impact on financing costs of current EIB bonds.

Further improved access to EIB financing and speeding up security and defence investments in the EU would leverage private funding and have a strong signaling effect as regards other investors and market operators.

The profoundly changed European security environment, which affects all member states in various ways, requires strengthening the EU's defence technological and industrial base. Here, we also need the EIB to play a stronger role in order to address the EU's urgent investment needs.

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