European Parliament
2024-2029

TEXTS ADOPTED

P10_TA(2025)0336

European Defence Readiness 2030: assessment of needs

European Parliament resolution of 17 December 2025 on European Defence Readiness 2030: assessment of needs (2025/2142(INI))

The European Parliament,

– having regard to the Treaty on the Functioning of the European Union (TFEU),

– having regard to Title V of the Treaty on European Union, in particular Chapter 2, Section 2 thereof on the common security and defence policy,

– having regard to the white paper entitled 'White Paper for European Defence – Readiness 2030', presented by the Commission and the High Representative for the Union for Foreign Affairs and Security Policy on 19 March 2025, and its five-pillar financing plan entitled 'ReArm Europe',

– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 18 May 2022 on the Defence Investment Gaps Analysis and Way Forward (JOIN(2022)0024),

– having regard to the study published on 11 January 2024 entitled 'Access to equity financing for European defence SMEs'[1],

– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 5 March 2024 entitled 'A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry' (JOIN(2024)0010),

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[1] European Commission: Directorate-General for Defence Industry and Space, *Access to equity financing for European defence SMEs*, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2889/698738.

– having regard to the report of 9 September 2024 by Mario Draghi on the future of European competitiveness (Draghi report),

– having regard to the European Investment Bank (EIB) Activity Report 2024,

– having regard to its position at first reading of 25 November 2025 on the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products[2],

– having regard to the joint communiqué issued on 6 June 2025 by France, Germany, Spain, Estonia, Luxembourg, the Netherlands and Portugal on the launch of the 'Finance Europe' label,

– having regard to the Commission communication of 17 June 2025 on the Defence Readiness Omnibus (COM(2025)0820), aimed at simplifying the relevant legal and administrative frameworks to strengthen the EU's defence readiness,

– having regard to the 10th progress report of June 2025 on the implementation of the common set of proposals endorsed by EU and NATO Councils on 6 December 2016 and 5 December 2017,

– having regard to Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument[3],

– having regard to the report of 10 April 2024 by Enrico Letta on the future of the European single market (Letta report),

– having regard to the report of 30 October 2024 by Sauli Niinistö entitled 'Safer Together –Strengthening Europe's Civilian and Military Preparedness and Readiness' (Niinistö report),

– having regard to its resolution of 12 March 2025 on the white paper on the future of European defence[4],

– having regard to its resolution of 8 July 2025 on the financial activities of the European Investment Bank – annual report 2024[5],

– having regard to the Commission notice of 28 August 2025 on the application of the sustainable finance framework and the Corporate Sustainability Due Diligence Directive to the defence sector

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2 Texts adopted, P10_TA(2025)0281.
3 OJ L, 2025/1106, 28.5.2025, ELI: http://data.europa.eu/eli/reg/2025/1106/oj.
4 Texts adopted, P10_TA(2025)0034.
5 Texts adopted, P10_TA(2025)0145.

(C(2025)3800),

– having regard to the opinions of the Committee on Economic and Monetary Affairs, the Committee on Industry, Research and Energy, and the Committee on Budgets,

– having regard to Rule 55 of its Rules of Procedure,

– having regard to the report of the Committee on Security and Defence (A10-0243/2025),

A. whereas according to the European Defence Agency (EDA), after a decline in 2014, Member States' defence expenditure reached EUR 343 billion in 2024, corresponding to 1,9 % of GDP and representing a 19 % increase compared to 2023; whereas according to the EDA, Member States' defence expenditure may exceed the 2 % NATO guideline in 2025;

B. whereas the current level of investment in security and defence in the EU is insufficient to meet the capability targets for every Member State; whereas the cost of isolated action is much higher than the cost of joint action; whereas the cost of non-preparedness and any potential military defeat and the consequent loss of autonomy is much higher than the cost of acting decisively now; whereas increasing national defence spending without addressing coordination issues, redundant efforts and misaligned strategies could be counterproductive as it may exacerbate force integration challenges and drive up procurement costs for all Member States by intensifying competition between them;

C. whereas the Niinistö report emphasises that increasing the available funding for defence cooperation is vital to overcome endemic fragmentation and decades of underinvestment; whereas the Commission identified a defence capability investment gap of EUR 800 billion for Member States to be closed by 2030 under the ReArm Europe plan, involving an annual increase of 10 % in spending, to reach around EUR 575 billion in 2030, or 3,15 % of combined GDP; whereas this is aligned with the Draghi report on the future of European competitiveness;

D. whereas in its proposal for the multiannual financial framework (MFF) 2028-2034, the Commission is allocating EUR 115,7 billion (in 2025 prices) to defence and space under the European Competitiveness Fund, five times more than in the previous MFF period, as well as EUR 15,7 billion (in 2025 prices) for military mobility under the Connecting Europe Facility, a tenfold increase compared to the previous period, aiming at supporting the development of transport infrastructure that can be used for both civilian and military purposes;

E. whereas EU citizens rightly expect more from the EU and its budget, including the capacity to respond quickly and effectively to evolving threats and to provide the necessary support to bolster defence capabilities, especially in times of crisis; whereas the next MFF should support a comprehensive security approach and appropriately fund measures that strengthen defence readiness and resilience;

F. whereas according to the EDA, 31 % of Member States' defence expenditure in 2024 was devoted to investment, of which 88,2 % was for the acquisition of new equipment and 11,8 % for research and development (R&D); whereas expenditure on defence equipment procurement reached EUR 88 billion in 2024, growing by 39 % compared to 2023; whereas under the ReArm Europe plan, this increase is expected to generate at least EUR 240 billion in additional investment by 2030; whereas expenditure on defence R&D in the Member States also rose by 20 % in 2024, reaching EUR 13 billion;

G. whereas according to the Commission, 78 % of Member States' defence procurement between February 2022 and June 2023 was from non-EU countries, with the United States accounting for two thirds of this figure, and 70 % of the turnover of the European defence technological and industrial base (EDTIB) depends on European public procurement;

H. whereas according to the Aerospace, Security and Defence Industries Association of Europe, the EDTIB, which in 2023 accounted for around 580 000 direct jobs, 1,4 million indirect jobs and a turnover of EUR 160 billion (one third of which came from exports), faces a triple challenge: recruitment, procurement and financing;

I. whereas small and medium-sized enterprises (SMEs) represent a vital component of the EDTIB, providing innovation, flexibility and resilience across the entire value chain; whereas the Commission's 2024 study on access to equity financing highlights, however, that SMEs in the EDTIB face greater difficulties than those in other sectors in obtaining credit and equity financing because of: (i) irregular public procurement and payment delays between subcontractors, which reduce cash flow visibility, (ii) the exclusion of defence activities by some investors for image reasons, and (iii) limited exit opportunities for defence assets on European capital markets; whereas addressing such financing obstacles is essential to give defence-related SMEs fair access to capital markets and private investment, thus improving competitiveness and economic resilience;

J. whereas additional financing needs for the EDTIB for the 2025-2030 period are estimated, at a minimum, at EUR 30 billion to EUR 40 billion, of which EUR 6 billion to EUR 18 billion is estimated to be met through equity; whereas this highlights the relevance of the EU’s savings and investments union (SIU) in mobilising long-term private capital and attracting institutional investors;

K. whereas the defence sector remains highly fragmented, structured around major buyers, fragile subcontracting chains and underdeveloped pan-European value chains, limiting the cash flow of small businesses, which are often forced to finance their working capital requirements with long-term resources; whereas this hampers the strengthening of the EDTIB, which is essential for building up defence capabilities;

L. whereas the EIB prioritised the security and defence sector, adapted its lending criteria and internal processes and created a one-stop shop for financial support on security and defence, namely its Security and Defence Office; whereas the EIB mobilised nearly EUR 1 billion in 2024 and was aiming to mobilise EUR 2 billion in 2025 but has actually already reached EUR 3 billion; whereas it has already allocated EUR 13 billion to defence since 2017 and plans to allocate an additional EUR 6 billion by 2027, while expanding its activities to include dual-use projects and new financial instruments; whereas improving access to EIB instruments for SMEs and mid-caps in the defence and security ecosystem is key to ensuring inclusive and innovative growth across the EU;

M. whereas the EIB plays a key role in promoting economic cohesion, sustainable development and competitiveness in the EU; whereas the establishment of a defence, security and resilience bank was proposed in the white paper on the future of European defence; whereas formally extending the EIB’s mandate to include support for the EDTIB would be a more effective and proportionate solution than creating a new defence, security and resilience bank;

N. whereas any extension of the EIB’s lending policy and eligibility criteria to include defence-related equipment must be assessed against the need to preserve the EIB’s financial stability and its AAA credit rating, which remain essential safeguards for its ability to deliver on EU policy priorities, including defence readiness and the EU’s overall political independence;

O. whereas in 2023, approximately 39 notified foreign direct investment (FDI) cases underwent an in-depth review under the EU FDI screening cooperation mechanism, with the defence and aeronautics sectors being particularly affected[6];

P. whereas despite the establishment of specialised funds in Europe, only around 30 European funds specialising in defence existed in 2024, of which four had assets exceeding EUR 500 million, compared

[6] Commission report of 17 October 2024 entitled ‘Fourth Annual Report on the screening of foreign direct investments into the Union’ (COM(2024)0464).

with more than 50 such funds in the United States, including 30 of that size, and this situation leads to a less attractive secondary market, lower valuations during exit transactions and a risk of takeover by foreign investors;

Q. whereas the deteriorating security environment and growing hybrid and conventional threats throughout the EU underscore the need for sustained investment in defence readiness, resilience and military mobility; whereas the eastern flank constitutes a strategic area for Europe’s overall security, requiring enhanced infrastructure, surveillance capabilities and rapid reinforcement mechanisms; whereas strengthening border management, improving counter-drone and air defence systems, and developing regional industrial capacities for defence production and innovation are essential to ensure the EU’s preparedness; whereas these measures, including the implementation of key initiatives such as the European Drone Defence Initiative, the Eastern Flank Watch, the European Air Shield and the European Space Shield, should be supported by adequate EU funding; whereas such efforts are crucial to protect the most exposed Member States, preserve the EU’s territorial integrity and uphold collective deterrence and stability across the continent;

Providing a stable foundation and long-term vision for private defence investment

Supporting and better directing Member States’ public investment in defence

1. Believes that the time has come for a renewed political commitment to make the EU a credible security provider by strengthening its defence readiness through fostering deeper cooperation among Member States, their armed forces and industries; calls on the Member States to pool efforts to achieve a coherent, ambitious and integrated European framework for defence; underlines, in this context, the need for the Commission and the Member States to prepare emergency procedures for projects established in response to major crises or wars, including faster allocation of public funds and private capital, as an integral element in ensuring readiness and the EU’s capacity to respond rapidly and effectively to emerging security threats;

2. Expresses concern that, despite the objectives of the ReArm Europe plan, by the end of July 2025 only 10 out of 27 Member States had announced a clear target to increase their defence spending to at least 3 % of GDP by 2030; calls on each Member State to draw up a detailed strategic vision for its military expenditure up to 2030, with a clear division between hard defence capabilities and dual-use infrastructure, including capability milestones, stockpile metrics, SME participation figures, and a target for the share of collaborative procurement; stresses the need for national defence budgets to close

capability gaps, restore deterrence and ensure adequate support for Ukraine; underlines that future investment must prioritise cooperation, interoperability and joint procurement, making EU-level collaboration the norm within the European defence industrial sector; stresses, in this regard, the need to align Readiness 2030 with the concrete numerical targets set out in the European defence industrial strategy (EDIS), in particular by ensuring that at least 40 % of defence equipment is procured jointly by 2030, that at least 35 % of defence trade is intra-EU trade by 2030, and that at least 50 % of defence procurement is of EU-made products by 2030, and 60 % by 2035; commends those Member States that consistently allocate more than 3 % of GDP to defence; recalls that the Member States should regularly update their capability targets and military doctrines to address new and emerging threats;

3. Acknowledges the stark deterioration in the EU’s security context, resulting in growing threats to the EU’s external borders; calls, consequently, for the EU and its Member States to adopt a comprehensive approach to defence, recognising that security extends beyond military assets and also encompasses defence against hybrid threats; stresses that internal political stability is a prerequisite for credible military strength, and that without citizens’ trust in institutions and democracy, the EU’s overall security and cohesion would remain fragile; calls for the swift and solidarity-based mobilisation of EU financial support, in particular for those Member States most exposed to conventional military threats;

4. Welcomes the proposals set out in the ReArm Europe plan to offer Member States greater budgetary flexibility and to encourage increased defence spending in order to strengthen the EDTIB; notes, in particular, the loan facility under the EUR 150 billion SAFE instrument and that 19 Member States will make use of SAFE loans; regrets, however, that the Commission has based this instrument on Article 122 TFEU, thereby ruling out consultation with Parliament, which prevents monitoring and control of the funds and risks exacerbating disparities between Member States; stresses its function of budgetary control in line with Article 314 TFEU and, therefore, calls strongly on the Commission to refrain from applying Article 122 to any other initiative related to the defence industry, or to other issues related to defence financing in the future; considers, in this regard, that it is crucial for projects under SAFE to reflect the EU’s capability priorities as identified in the white paper on European defence, the capability development plan and the Defence Readiness Roadmap 2030; regrets, however, the fact that procurements carried out by one Member State are eligible for support under SAFE, where a procurement contract is signed no later than 30 May 2026, since this fails to incentivise common procurement and market defragmentation, and ultimately risks exacerbating disparities between Member States; stresses, in this regard, that financing should also be based on facilitated access to

private capital, national contributions, existing budgetary margins or alternative mechanisms that ensure fiscal responsibility; calls on the Commission, to that end, to promote multi-year block purchases to lower unit costs and reduce the fragmentation of weapon systems currently in use across the EU;

5. Notes that Europe’s defence ecosystem remains fragmented across industrial, financial and governance dimensions; stresses that the EU budget remains an effective instrument to improve integrated planning, stable long-term financing and effective implementation in the area of defence, thereby overcoming that fragmentation; reiterates that increased national defence budgets should be accompanied by increased coordination and joint action at EU level; recalls the importance of ensuring broad support for public investment in defence and thus the need for a fair distribution of the costs; regrets the lack of a strong EU preference clause in the ReArm Europe plan, especially regarding the SAFE instrument, which would reinforce the EDTIB, create new jobs in the EU, increase the interoperability and interchangeability of defence products in the EU and reduce dependence on non-EU countries, thus strengthening Europe’s deterrence and increasing its security of supply; stresses that, for the SAFE instrument to be financially efficient, it should primarily be a vehicle for jointly procuring, maintaining and operating strategic enablers, especially those providing intelligence surveillance and reconnaissance; calls on the Commission to use its role fully, in particular through the SAFE task force, to ensure that Member States’ national defence plans respect SAFE’s objective of promoting joint procurement to address capability gaps efficiently and to use all available instruments, including European Defence Projects of Common Interest and the Structure for European Armament Programme;

6. Observes the limited and uneven use of the national escape clause and notes that, despite such flexibility, several Member States continue to face constraints in their fiscal capacity to meet the demands and respond effectively to shared priorities, and that other Member States have refrained from applying for the national escape clause out of concern about the financial markets’ reaction; recognises that the national escape clause is a temporary instrument for country-specific emergencies, while sustained investment planning requires long-term predictability; highlights the fact that predictable fiscal and regulatory conditions are essential to attract private investment and to ensure the efficient use of public resources across the EU; believes that this framework, where appropriate, should be strengthened by EU-level investment instruments and tools designed to minimise the cost for EU taxpayers and maximise efficiency in the provision of EU public goods;

7. Welcomes the Commission’s proposals to simplify, facilitate and speed up defence procurement; calls for the strengthening of the EU

preference principle, ensuring that beneficiaries have the ability to decide on the definition, adaptation and evolution of designs and systems throughout their life cycles, and that no component is sourced from non-EU countries or entities that contravene the security and defence interests of the EU and its Member States; calls, furthermore, for the eligibility criteria under the ReArm Europe plan to be fully aligned with those set out in the European defence industry programme (EDIP), in order to reduce fragmentation, save costs and increase efficiency, foster interoperability and interchangeability, and boost the competitiveness of the EDTIB; stresses that procurement and participation rules should be proportionate and SME-friendly and calls for the introduction of a minimum mandatory share of project value to be allocated to SME participation in the supply chain, ensuring equal access for start-ups and smaller suppliers alongside prime contractors, and avoiding administrative burdens that deter SME participation; calls, moreover, for European supply chain resilience to be strengthened by promoting common standards and mixed supply chains that reduce critical dependencies; acknowledges the need for strong transatlantic cooperation as a foundation for European defence but raises concern over the announcement of a substantial increase in the procurement of defence products from the United States, as this will counteract the ambition defined in EDIS and causes uncertainty for investment in the EDTIB; calls for transatlantic defence industrial cooperation based on a level playing field that will benefit both sides; underlines that participation in EU defence programmes must be fully consistent with the EU’s fundamental values, security interests and the objectives of the common foreign and security policy (CFSP) and the common security and defence policy (CSDP);

8. Underlines that the EU defence industry needs predictable, multi-year demand and common requirements to deliver speed, scale and value; stresses that interoperability and standardisation must be embedded from the outset in defence procurement and investment in the EU, via joint testing and certification, and cross-border acceptance, in order to curb variant proliferation and market fragmentation, in line with the Draghi, Letta and Niinistö reports; encourages Member States to complement their budgetary commitments with transparent medium-term defence investment outlooks covering capability targets, procurement timetables and the share of spending earmarked for cooperative programmes; invites the EDA to compile these national outlooks into an annual comparative overview to facilitate coordination and identify opportunities for joint projects;

9. Stresses the need to strengthen the EDTIB by aggregating demand, simplifying and harmonising the rules, and promoting open and fair competition among European industries, resulting in a more cost-

effective and more competitive European defence industry and improved access to defence equipment across the EU; regrets the lack of comprehensive data on EU collaborative equipment procurement, making it impossible to provide a comprehensive analysis of EU collaborative procurement of defence equipment and to adequately assess the state of the EU defence landscape in this area; urges the Commission and the Council to address persistent obstacles to intra-EU trade in defence products, including licensing and certification barriers, and calls on the co-legislators to prioritise the adoption and effective implementation of the Commission's defence omnibus proposal to streamline transfers and procurement across the EU in support of a more resilient and competitive EDTIB;

10. Underlines that synergies with civilian innovation programmes such as Horizon Europe and the European Innovation Council should be strengthened to maximise impact and avoid duplication; stresses, at the same time, that technological progress must be matched by the necessary human capabilities; expresses concern that the number of active personnel grew only marginally in 2024 and warns that rising investment without parallel recruitment and retention efforts risks creating capability gaps in operating and maintaining new equipment; calls on the Member States to prioritise recruitment and retention policies in the defence sector, including EU-supported exchange and training programmes, to ensure that increased spending translates into real operational readiness;

Adapting the EU budget and financing tools to meet security challenges and the needs of businesses

11. Repeats its previous calls on the Commission to explore all options to support Member States' defence investment and to maximise the synergies in existing mechanisms to support the EU's defence readiness; recalls its call to ensure that the next MFF supports a comprehensive security approach through adequate and coordinated investment; welcomes the consolidation of the defence envelope proposed in the 2028-2034 MFF; regrets, however, that the Commission did not provide a sufficiently detailed breakdown of this envelope in its proposal for the 2028-2034 MFF; recalls that a detailed budgetary breakdown is necessary to enable the budgetary authority to take meaningful and informed decisions; stresses that commensurate EU-level investment in defence in the next MFF, underpinned by transparent governance, can reduce duplication, deliver economies of scale, and enhance interoperability; recalls the specific nature of the defence sector, and considers that the next MFF must retain all the criteria and procedures of the financing instruments of the European defence industry, in particular the criteria relating to the European Defence Fund and EDIP;

12. Considers, in this regard, that all options should be explored to

support Member States’ defence investment, in particular through existing mechanisms, without increasing national contributions or the overall tax burden on citizens; stresses that such instruments must not rely solely on the issuance of EU-backed loans, for instance through SAFE;

13. Stresses that EU funding should complement, and not replace, the efforts of Member States to increase their national defence spending; underlines that EU instruments should provide added value by fostering cooperation, interoperability and efficiency, while capability planning and requirements must remain within the appropriate institutional frameworks; reiterates that, in order to meet urgent CSDP needs, additional resources for defence priorities must be secured; reiterates, therefore, its call on the Commission and the Council to ensure that the EU is equipped to cover its overall higher spending needs, including through the adoption of new own resources;

14. Recalls that the EIB’s objective is to foster EU integration, promote the development of the EU and support EU policies in line with Article 309 TFEU; welcomes the EIB’s proactive approach in stepping up financing for European security and defence; takes notes, however, of the fact that its investment policy still excludes ‘arms and munitions’ and that its interventions so far have been insufficient in speed, risk appetite and scale to meet urgent defence readiness needs; takes note of the progress made in opening up its criteria, but considers that these remain insufficient to achieve the goals of Defence Readiness 2030 as expressed by industry stakeholders through studies and public consultations; calls, in the interests of consistency with the ReArm Europe plan, on the Member States, as governing body of the EIB, to adapt the EIB’s mandate in order to strengthen its capacity to support the European defence industry and to revise its investment guidelines so as to allow financing for legitimate arms and munitions projects that are in line with international law and the EU’s security interests; calls for the EIB Group to increase its risk appetite and ambition to achieve the crowding-in of investment; warns, however, that any adjustment to the EIB Group’s eligibility criteria or funding to align with new priorities must safeguard the EIB Group’s financial position and ensure effective financing of other strategic EU priorities; calls on the EIB to conduct, and provide Parliament with, a thorough quantitative assessment of its investor policy on defence investment, without, where applicable, compromising its confidentiality agreements with its investors;

15. Suggests that the EIB should continuously reflect on and evaluate its role, as well as the scope of eligible investments, in the light of the pressing need to scale up the European defence sector and ensure long-term security and strategic autonomy; suggests formally extending the EIB’s mandate to include support for the EDTIB within

a specialised subsidiary, backed by Commission guarantees and supported by a network of experts; believes that such a structure would be a more effective solution than the creation of a new defence, security and resilience bank;

16. Stresses the importance of improving the accessibility and consistency of EU investment support funds for EDTIB companies, in particular start-ups and SMEs, by progressively adjusting and tailoring eligibility criteria with regard to the ambition laid out in EDIS and EDIP, simplifying application procedures and harmonising the objectives of work programmes; highlights the importance of adjusting the timelines and requirements of such funds to the different innovation cycles and paces of different types of capability domains; calls on Member States and regions to strengthen the role of their chambers of commerce and industry in supporting SMEs in the EDTIB in their research and in gaining access to EU funding;

17. Calls on the Commission to provide clear guidance and templates on new types of agreements, coordination and co-deployment among competitors in the defence sector, in order to facilitate stronger R&D investment by EDTIB companies;

18. Calls for the development of an instrument to support public and private investment in defence on the basis of guarantees from the EU budget, following the example of InvestEU; welcomes, in the short term, the Commission proposal for a delegated act to the InvestEU Fund investment guidelines on strategic investments in the field of defence[7], which calls for the removal of unnecessary administrative burdens in relation to the use of budgetary guarantees and financial instruments to support defence investment, thereby offering additional simplification while respecting the need to protect the security of the EU and the Member States; considers that, taken together, these measures would ensure both the rapid mobilisation of financing and the establishment of a stable and scalable investment framework for the European defence industry;

19. Considers the deployment of banking funds in loans, guarantees and high-quality liquidity portfolios to be essential for long-term maturities in defence spending that will provide predictability and stability; reiterates that accelerating the completion of the SIU would help mobilise private capital and improve access to financing;

Removing disincentives to private investment in defence

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[7] Commission Delegated Regulation (EU) 2025/1774 of 28 August 2025 amending Delegated Regulation (EU) 2021/1078 as regards strategic investments in the field of defence set out of the investment guidelines for the InvestEU Fund (OJ L, 2025/1774, 18.12.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1774/oj).

Simplifying access to short-term finance for EDTIB companies

20. Calls on the EU Payment Observatory to carry out a study on compliance with payment deadlines in the EDTIB compared to other branches of industry, and to rank the most rigorous companies in this regard;

21. Calls on the EIB, with the support of Member States, to achieve a figure of EUR 4 billion for short-term loans with risk guarantees of up to 50 %, and calls for the relaxation and simplification of the EIB's defence commitment criteria, as well as the extension of eligibility to indirect subcontractors;

Increasing the capacity of private investors to finance defence by ensuring compatibility with sustainable financing

22. Notes that, despite the efforts made since the start of the war in Ukraine, many investors remain reluctant to finance defence, including owing to uncertainties about the application of environmental, social and governance standards, and that the EDTIB remains discriminated against in the financial markets on the grounds of an erroneously perceived risk to image; recalls that many defence technologies are dual-use in nature and thus generate significant spillover benefits for civilian innovation and the broader EU economy; stresses the need to address persistent negative perceptions surrounding defence financing, particularly in the banking sector; urges the Commission and the Member States to enhance information and awareness-raising efforts regarding EDTIB financing, so as to enable financial actors to improve their proficiency in analysing and processing defence-related financing; urges the Commission to step up its information and awareness-raising efforts regarding EDTIB financing;

23. Acknowledges the Commission Delegated Regulation (EU) 2025/1775 of 28 August 2025 amending Delegated Regulation (EU) 2020/1818 as regards the definition of prohibited weapons[8], which replaces the concept of 'controversial weapons' with that of 'prohibited weapons' and was adopted as part of the defence readiness omnibus; highlights the fact that this definition is limited to those weapons expressly prohibited under binding international conventions; welcomes the legal clarifications included in the defence readiness omnibus and acknowledges their importance in achieving the EU's goals in defence financing; calls on private financial actors to restrict their exclusions to this consolidated list and to publish their investment policies; proposes that the inclusion

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[8] OJ L, 2025/1775, 30.12.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1775/oj.

in EU financing of actors whose investment policies go beyond this exclusion be reviewed on a case-by-case basis;

24. Recalls that the EU sustainable finance framework is designed to direct capital flows towards sustainable activities without limiting the financing of the defence sector, as reaffirmed by the Commission in its notice of 18 August 2025, which confirms that the exclusion of defence-related activities from the EU taxonomy does not prevent private or public investors from investing in the defence sector; calls on the Commission to publicly and unequivocally reaffirm that the EU green taxonomy does not prohibit, restrict or discourage investment in defence; stresses that defence and security are prerequisites for sustainable development;

Opening up exit opportunities on financial markets for defence assets by mobilising private capital

25. Considers it essential to support a European market of specialised investors offering a continuum of financing (credit, private debt and equity) to companies, especially start-ups, SMEs and mid-caps, in the EDTIB and in the Ukrainian DTIB; welcomes the Commission and the EIB’s initiative to establish the Defence Equity Facility, with a budget of EUR 175 million for the 2024-2027 period; considers, however, that this fund is entirely insufficient in view of the financing needs and calls on the EIB to comply with the wishes of the Member States, as reiterated in Council conclusions, by increasing this budget to EUR 1 billion, in order to better meet the equity needs of the EDTIB and its value chain, with particular attention on smaller actors facing the greatest financing gap; encourages the EIB to extend this instrument to the Ukrainian DTIB, and to design it so that it fosters partnerships and joint ventures between EDTIB and Ukrainian DTIB companies;

26. Calls on the Commission and the EIB Group to operationalise support for dual-use projects by improving access to such support for early-stage ventures and SMEs, simplifying procedures, providing clear guidance to investors, and reporting regularly on uptake and geographical distribution; calls for effective implementation through targeted calls and clear guidance for managing authorities, so that regions with less developed defence ecosystems can access these opportunities; invites the Member States to reflect these possibilities in programme design and to coordinate with the Commission and the EIB to develop regional investment platforms, ensuring complementarity and avoiding double funding;

27. Calls on the Commission to consider, in its competition policy, defence readiness, security of supply, innovation-enhancing potential and the reduction of dependencies on non-EU countries; calls, at the same time, on the Member States to ensure that their procurement of defence products is open and competitive for the EDTIB as a

whole; calls on the Member States to strengthen their controls on direct investment by third-country actors;

28. Calls on the Commission to strengthen industrial cooperation programmes and transnational partnerships, including supply-chain platforms and co-development projects, with a view to integrating production chains, leveraging national expertise, promoting economies of scale and enhancing the global competitiveness of the EDTIB;

29. Highlights the significance of well-functioning capital markets for defence financing; calls on the Commission and the Member States to accelerate progress on the capital markets union and the SIU, specifically by improving access to equity, venture capital and financing for defence sector SMEs; underlines that the capital markets union and the SIU are instrumental in scaling up defence financing;

30. Stresses the importance of accelerating progress on the completion of the SIU, aiming to support a deeper, more liquid and integrated EU financial system that channels savings more efficiently into productive investments such as those in the EU defence industry; emphasises that the EU defence industry needs to substantially increase its capacity to meet the huge rise in demand for military products;

31. Welcomes the launch of the ‘Finance Europe’ label; notes that this label, which aims to channel private savings towards investments in Europe’s real economy, promotes the equity financing of companies; encourages the Commission to support this initiative by proposing a European label as part of the SIU, while ensuring that it does not create an additional administrative burden;

32. Welcomes the Commission recommendation on savings and investment accounts (SIAs)[9]; highlights the fact that SIAs aim to boost retail participation in EU capital markets, thus contributing to strengthening the markets and facilitating an increase in the EU investor base that would help finance EU strategic priorities, including defence; encourages the Commission to continue supporting this initiative; calls on the Member States to follow the Commission recommendation on increasing the availability of savings and investment accounts;

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[9] Commission Recommendation (EU) 2025/2029 of 30 September 2025 on increasing the availability of savings and investment accounts with simplified and advantageous tax treatment (OJ L, 2025/2029, 8.10.2025, ELI: http://data.europa.eu/eli/reco/2025/2029/oj).

33. Welcomes the ongoing work aiming at using frozen Russian assets to finance Ukraine’s defence efforts, while addressing financial stability and litigation concerns;

34. Calls for a unified commitment among the Member States to boost defence spending in line with the outcomes of the 2025 NATO The Hague Summit, where NATO allies made a commitment to invest 5 % of GDP annually on core defence requirements and defence- and security-related spending by 2035; urges the Member States to foster European defence initiatives, enhance interoperability and invest in joint procurement aligned with common strategic priorities, including munitions production;

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35. Instructs its President to forward this resolution to the Council and the Commission.