



---

*Plenary sitting*

---

**A10-0084/2025**

30.4.2025

**\*\*\*I**  
**REPORT**

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 ('EDIP')  
(COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))

Committee on Security and Defence  
Committee on Industry, Research and Energy

Rapporteur: Raphaël Glucksmann, François-Xavier Bellamy

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT.....	119
ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPORTEURS HAVE RECEIVED INPUT .....	121
BUDGETARY ASSESSMENT OF THE COMMITTEE ON BUDGETS.....	122
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS .....	134
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL .....	151
OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION .....	193
PROCEDURE – COMMITTEE RESPONSIBLE.....	282
FINAL VOTE BY ROLL CALL BY THE COMMITTEE RESPONSIBLE .....	284



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**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 ('EDIP') (COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2024)0150),
  - having regard to Article 294(2) and Articles 114(1), 173(3), 212(2) and 322(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0005/2024),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the budgetary assessment by the Committee on Budgets,
  - having regard to the opinion of the Committee on Legal Affairs on the use of delegated acts,
  - having regard to the opinion of the European Court of Auditors of 31 January 2025<sup>1</sup>,
  - having regard to the opinion of the European Economic and Social Committee of 30 May 2024<sup>2</sup>,
  - having regard to the opinion of the Committee of the Regions of 20 February 2025<sup>3</sup>,
  - having regard to Rules 60 and 170, 58 and 42 of its Rules of Procedure,
  - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Budgetary Control and the Committee on the Internal Market and Consumer Protection,
  - having regard to the report of the Committee on Security and Defence and the Committee on Industry, Research and Energy (A10-0084/2025),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the

---

<sup>1</sup> OJ C of 31.1.2025, ELI: <http://data.europa.eu/eli/C/2025/805/oj>.

<sup>2</sup> Not yet published in the Official Journal.

<sup>3</sup> Not yet published in the Official Journal.

national parliaments.

## Amendment 1

### AMENDMENTS BY THE EUROPEAN PARLIAMENT\*

to the Commission proposal

-----

### 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 ('EDIP')**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114(1), Article 173(3), Article 212(2) and Article 322(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>4</sup>,

Having regard to the opinion of the European Court of Auditors<sup>5</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Heads of State or Government of the Union, meeting in Versailles on 11 March 2022, committed to “bolster European defence capabilities” in light of Russia’s unprovoked and unjustified war of aggression against Ukraine. They agreed to

---

\* Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ C , , p. .

increase defence expenditures, step up cooperation through joint projects and common procurement of defence capabilities, close shortfalls, boost innovation and strengthen and develop the EU defence industry, including through establishing a European Defence Industry Programme (the ‘Programme’).

- (2) The long-term deterioration of regional and global threat levels requires a step-change in the scale and speed with which Europe’s defence technological and industrial base (EDTIB) can develop and produce the full spectrum of military capabilities. The return of high-intensity warfare and territorial conflict to Europe has a negative impact on the security of the Union and the Member States and requires a significant increase in the capacity of Member States to reinforce their defence capabilities.
- (2a) ***Developing defence manufacturing capacities across the Union is essential in order to strengthen the Union’s open strategic autonomy, resilience, and ability to respond collectively to security challenges. A geographically balanced approach to developing such capacities ensures that all Member States contribute to and benefit from a robust European Defence Technological and Industrial Base (EDTIB). Particular attention should be paid to Member States with highest exposure to the risk of materialisation of conventional military threats.***
- (3) On 14 and 15 December 2023, the European Council, in its conclusions, having considered work carried out to implement the Versailles declaration and the Strategic Compass for Security and Defence, underlined that more needs to be done to fulfil the Union’s objectives of increasing defence readiness. To achieve such a readiness and defend the Union, a strong defence industry is a pre-requisite, making the European defence industry more resilient, innovative and competitive.
- (4) The Commission and the High Representative of the Union for Foreign Affairs and Security Policy presented a Joint Communication on the Defence Investment Gaps Analysis and Way Forward on 18 May 2022 highlighting the existence, within the Union, of defence financial, industrial and capability gaps. On 18 October 2023 a Regulation (EU) 2023/2418 of the European Parliament and the Council<sup>6</sup> was adopted establishing an instrument for the reinforcement of the European defence industry

---

<sup>6</sup> Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: <http://data.europa.eu/eli/reg/2023/2418/oj>).

through common Procurement (EDIRPA), aimed at supporting collaboration between Member States in the procurement phase to fill the most urgent and critical gaps, especially those created by the response to Russia's war of aggression against Ukraine, in a collaborative way. On 20 July 2023 a Regulation (EU) 2023/1525 of the European Parliament and the Council<sup>7</sup> supporting ammunition production (ASAP) was adopted, aimed at urgently supporting the ramp-up of manufacturing capacities of the European defence industry, secure supply chains, facilitate efficient procurement procedures, address shortfalls in production capacities and promote investments.

- (5) EDIRPA and ASAP were designed as emergency response and short-term programmes, both expiring in 2025 (30 June 2025 for ASAP and 31 December 2025 for EDIRPA). The Programme should build on EDIRPA and ASAP achievements and extend their logic until 2027, by providing financial support for the reinforcement of the EDTIB, in a predictable, continuous and timely manner on the basis of an integrated approach. In the light of the current security situation, it appears necessary to extend the Union support a broader scope of defence equipment including consumables such as unmanned systems that play a decisive role in the war theatre in Ukraine.
- (6) The European Council of 23 June 2022 decided to grant the status of candidate country to Ukraine, which expressed a strong will to link reconstruction with reforms on its European path. In December 2023, EU leaders decided to open accession negotiations with Ukraine. On 15 December 2023, the European Council declared that the Union and Member States remain committed to contributing, for the long term and together with partners, to security commitments to Ukraine, which will help Ukraine to defend itself, resist destabilization efforts and deter acts of aggression in the future. Strong support to Ukraine is a key priority for the Union and an appropriate response to the Union's strong political commitment to support Ukraine for as long as necessary.
- (7) The damage from Russia's war of aggression to the Ukrainian economy, society and infrastructure, and in particular damage caused to the Ukraine defence technological

---

<sup>7</sup> Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: <http://data.europa.eu/eli/reg/2023/1525/oj>).

and industrial base (Ukrainian DTIB) require comprehensive support to rebuild the latter. This is essential in order to provide the capacity to the Ukrainian State to maintain its essential functions and allow the fast recovery, reconstruction and modernisation of the country and foster its integration into the European Defence Equipment Market ***and adaptation of the Ukrainian defence environment to meet NATO standards***. A strong Ukrainian DTIB is vital for Ukraine's long-term security as well as its reconstruction.

- (8) In this regard actions supporting the reinforcement of the Ukrainian defence technological and industrial base should be financed. This support is complementary to that provided under the Ukraine Facility as well as military support provided to Ukraine under the European Peace Facility and through bilateral assistance by Member States. ***In particular, the Ukraine support instrument under this Regulation should incentivise Member States to seek active cooperation with the Ukrainian DTIB not only to ramp up the support to Ukraine, but also to cooperate in defence planning for the joint future ahead between the Union and Ukraine and procure defence products directly in Ukraine, according to the so-called "Danish Model"***.
- (9) Russia must be held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine, which constitutes a blatant violation of the Charter of the United Nations. The Union and its Member States should, in close cooperation with other international partners, continue to work towards this goal, in accordance with Union and international law, taking into account Russia's serious breach of the prohibition on the use of force enshrined in Article 2(4) of the Charter of the United Nations and the principle of State responsibility for internationally wrongful acts, including the obligation to compensate for the financially assessable damage caused. It is important that, inter alia, progress is made, in coordination with international partners, on how ■ immobilised Russian assets could be directed to support Ukraine, including its defence technological and industrial base, in a manner that is consistent with applicable contractual obligations and in accordance with Union and international law. ■
- (10) A Framework agreement should be concluded with Ukraine to set up the principles of the cooperation between the Union and Ukraine under this Regulation. Grant agreements or joint procurement should also be concluded with Ukraine and legal

entities established in Ukraine to define conditions for releasing funds. ***Such Framework agreement should be concluded without undue delay and no later than ... [six months from the entry into force of this Regulation].***

- (11) To fund the actions that aim at strengthening the competitiveness, responsiveness and ability of the EDTIB based on Article 173 TFEU and the actions of cooperation with Ukraine for reinforcement of the Ukrainian DTIB under Article 212 TFEU, this Regulation should establish common objectives, common financial mechanisms while clearly distinguishing two budget lines corresponding to each of the objectives pursued as well as establish a Programme setting out the conditions for Union financial support under Article 173 TFEU and an Ukraine Support Instrument setting out the specific conditions for Union financial support under Article 212 TFEU.
- (12) This Regulation lays down a financial envelope for the entire duration of the Programme which is to constitute the prime reference amount, within the meaning of point 18 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, for the European Parliament and the Council during the annual budgetary procedure. ***The financial envelope is sharply constrained by the current multiannual financial framework (MFF) ceilings and additional financial resources should therefore be made available, both for its EDTIB component and for the Ukraine Support Instrument, including through additional contributions provided by the Member States.***

■

- (14) In view of the need ***to*** invest better and together in defence capabilities of the Member States and associated countries as well as in the recovery, reconstruction and modernisation of Ukraine's defence industrial base, it should be possible for Member States, third countries, international organisations, international financial institutions or other sources to contribute to the implementation of the Programme. Such contributions should be implemented in accordance with the same rules and conditions and should constitute external assigned revenue ***within the meaning of*** Article 21(2), ***points*** (a), (d), and (e) of Regulation (EU, Euratom) 2024/2509 of the European

*Parliament and of the Council*<sup>8</sup> (the ‘*Financial Regulation*’). In addition, Member States should be able to use the flexibility in the implementation of their shared management allocations offered by Regulation (EU) 2021/1060 of the European Parliament and the Council. It should therefore be possible to transfer certain levels of funding between shared management allocations and the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council. Uncommitted resources at the latest in 2028 may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060.

- (15) As the Programme aims to enhance the competitiveness and efficiency of the Union’s and Ukraine’s defence industry, to benefit from the Programme, recipients of financial support should be legal entities which are established in the Union, in associated countries or in Ukraine and which are not subject to control by non-associated third countries, other than Ukraine or by, non-associated third-country entities. Where Member States, associated countries or Ukraine are the recipients of the financial support, in particular for common procurement actions, these rules should apply *mutatis mutandis* for the contractors or subcontractors to the procurement contracts. In that context, control should be understood to be the ability to exercise a decisive influence on a legal entity directly, or indirectly through one or more intermediate legal entities. Additionally, in order to ensure the protection of essential security and defence interests of the Union and its Member States, the infrastructure, facilities, assets and resources of the legal entities involved in the actions which are used for the purposes of the action should be located on the territory of a Member State, of an associated country or of Ukraine.
- (16) In certain circumstances, it should be possible to derogate from the principle that legal entities involved in an action supported by the Programme are not subject to control by non-associated third countries or non-associated third-country entities. In that context,

---

<sup>8</sup> *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 (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).*

a legal entity established in the Union or in an associated third country and controlled by a non-associated third country or a non-associated third country entity may participate as recipient if strict conditions relating to the security and defence interests of the Union and its Member States, ***including the principle of good neighbourly relations***, as established in the framework of the Common Foreign and Security Policy pursuant to Title V of the Treaty on European Union (TEU), including in terms of strengthening the European Defence Technological and Industrial Base, are fulfilled. ***In addition, the implementation of the Programme should pay particular attention to geographical diversity and balance across the Union, to ensure territorial cohesion and mitigate a risk of widening divide between competitiveness of various regions and Member States, and to ensure appropriate support for Member States facing higher exposure to the risk of materialisation of conventional military threats.***

- (17) Furthermore, the defence products subject to actions supported by the Programme should not be subject to control or restriction by a non-associated third country or a non-associated third country entity, ***the design authority for such products should be an entity that is eligible for funding under the Programme, to ensure that the defence products can be adapted and used without any restrictions from third-countries, and the cost of components originating from Member States or associated countries should not be lower than 70 % of the estimated value of the end product. To ensure the uniform application of requirements relating to the EU content in defence products, the Commission should further detail the exact calculation method to adapt it to each type of action.***
- (18) Given the specificities of the defence industry, where demand comes almost exclusively from States, which also control all acquisition of defence-related products and technologies, including exports, the functioning of the defence industry sector does not follow the conventional rules and business models that govern more traditional markets. The industry does not therefore engage in substantial self-funded industrial investments but only does so as a consequence of firm orders. While firm orders from Member States are a precondition for any investment, the Commission can intervene by offsetting the complexity of cooperation for common procurement and de-risking industrial investments via grants and loans allowing a faster adaptation

to ongoing structural market change. As a general rule, Union support should cover up to 100% of direct eligible costs or 100% of the amount determined for actions applying the financing not linked to costs option. The Union support for industry reinforcement actions should cover up to 35 % of direct eligible costs in order to enable recipients to implement actions as soon as possible, to de-risk their investment and therefore to speed up the availability of relevant defence products. ***To ensure additional support to SMEs and mid-caps, in particular when certain conditions are present, in view of the added benefit that this represents to the EDTIB and of their increased need for support, such financing could go up to 50%.***

***(18a) The Program should align with the objectives of the White Paper for European Defence Readiness 2030 of the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 19 March 2025 (the ‘White Paper for European Defence’), of the communication of the Commission of 5 March 2025 on “A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry” (EDIS), and of the Council Strategic Compass for Security and Defence of 21 March 2022, and should prioritise the defence capability priorities that have been commonly agreed upon by the Member States within the framework of the Common Foreign and Security Policy (CFSP) in particular in the context of the EU Capability Development Plan, the initiatives and programs of the European Defence Agency, and the political and military assistance provided by the Union to Ukraine.***

(19) The Programme should provide financial support, via means provided for in the ***Financial*** Regulation, to actions contributing to the timely availability and supply of defence products such as cooperation for common procurement of public authorities, industrial coordination and networking activities including reservation and stockpiling of defence products, ***particularly in the Member States most exposed to the risk of materialisation of conventional military threats***, access to finance for undertakings involved in the manufacturing of relevant defence products, reservation of manufacturing capacities (‘ever warm facilities’), industrial processes of reconditioning of expired products, expansion, optimisation, modernisation, upgrading or repurposing of existing, or the establishment of new, production capacities in that field as well as the training of personnel.

- (20) Grants under the Programme may take the form of financing not linked to cost based on the achievement of results by reference to work packages, milestones or targets of the common procurement process, in order to create the necessary incentive effect.
- (21) Where the Union grant takes the form of financing not linked to costs, the Commission should determine in the work programme the funding conditions for each action, in particular (a) a description of action involving cooperation for common procurement with a view to addressing the most urgent and critical capacity needs, (b) the milestones for the implementation of the action and (c) the maximum Union contribution available.
- (21a) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the adoption of work programmes to set out the funding actions related to European Defence Projects of Common Interest. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making<sup>9</sup>. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.***
- (22) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission with respect to the adoption of work programmes to set out the funding priorities and the applicable funding conditions. The specificities of the defence sector, in particular the responsibility of Member States, associated countries or Ukraine for the planning and acquisition process, should be taken into account. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council. ***However, for work programmes funding actions related to European***

---

<sup>9</sup> ***OJ L 123, 12.5.2016, p. 1, ELI:***  
[http://data.europa.eu/eli/agree\\_interinstit/2016/512/oj](http://data.europa.eu/eli/agree_interinstit/2016/512/oj).

*Defence Projects of Common Interest, such work programmes should be adopted via delegated acts.*

(23) In accordance with Article 196(2) of the *Financial* Regulation, a grant may be awarded for an action which has already begun, provided that the applicant can demonstrate the need for starting the action prior to signature of the grant agreement. However, costs incurred prior to the date of submission of the grant application are not eligible, except in duly justified exceptional cases. In order to enable continuity of funding perspective for actions that could have been supported by 2024 funding under ASAP and EDIRPA, in the financing decision it should be possible to provide for financial contributions in relation to actions that cover a period starting from ... *[date of entry into force of this Regulation]*.

(23a) *As a predecessor of this Regulation, the European Parliament and the Council adopted Regulation (EU) 2023/2418 (EDIRPA). This Regulation extends EDIRPA's logic with regard to common procurement. Furthermore, the objective of increasing cooperation in defence procurement is shared between EDIP and EDIRPA. At the same time, in the award process under EDIRPA not all projects eligible and fulfilling the selection criteria had been granted funding because of budgetary constraints and have been included in a reserve list. Given that such projects pursue an objective under EDIP and in order to avoid duplication through a possible comprehensive reassessment under this Regulation as well as in order to accelerate the implementation of these projects leading to a faster delivery of these capabilities to European armed forces, this Regulation should provide for the possibility to fast-track projects included in the reserve list under EDIRPA. This would be achieved by limiting the reassessment of projects included in the reserve list under EDIRPA to the eligibility criteria under this Regulation with a view to launching those projects in a timely manner.*

(24) When assessing proposals submitted by applicants, the Commission should pay particular attention to their contribution to the objectives of the Programme. The proposals should be assessed, in particular, against their contribution to the increase in defence industrial readiness, in particular increasing production capacities and eliminating bottlenecks. They should also be assessed against their contribution to fostering defence industrial resilience, by reference to considerations such as timely

availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular to those Member States most exposed to the risk of materialisation of conventional military threats.

***Additionally, proposals should be assessed against their contribution to strengthening the autonomy and non-dependency of the EDTIB on non-associated country sources.*** Assessments should also refer to the contribution to defence industrial cooperation through genuine armament cooperation among Member States, associated countries and Ukraine and the development and the operationalisation of cross-border cooperation of undertakings, in particular, to a significant extent, small and medium-sized enterprises (SMEs) and small middle capitalization companies (small mid-caps) operating in the supply chains concerned.

- (25) When designing, awarding and implementing Union financial support, the Commission should pay particular attention to ensuring that such support does not adversely affect the conditions of competition in the internal market.
- (25a) Access to information on potential integration opportunities to the supply chain of defence products is crucial for small and medium-sized enterprises (SMEs).***
- (26) The ***Financial*** Regulation applies to this Programme. It lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement, indirect implementation, and financial instruments.
- (27) In accordance with the ***Financial*** Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>10</sup> and Council Regulations (EC,

---

<sup>10</sup> ***Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/883/oj>).***

Euratom) No 2988/95<sup>11</sup>, (Euratom, EC) No 2185/96<sup>12</sup> and (EU) 2017/1939<sup>13</sup>, the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of irregularities, including fraud, to the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, to the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013, the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with the *Financial* Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the financial interests of the Union, grant the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

- (28) Third countries which are members of the European Economic Area (EEA) may participate in Union programmes in the framework of the cooperation established under the Agreement on the European Economic Area, which provides for the

---

<sup>11</sup> *Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1, ELI: <http://data.europa.eu/eli/reg/1995/2988/oj>).*

<sup>12</sup> *Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2, ELI: <http://data.europa.eu/eli/reg/1996/2185/oj>).*

<sup>13</sup> *Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (the EPPO) (OJ L 283, 31.10.2017, p. 1, ELI: <http://data.europa.eu/eli/reg/2017/1939/oj>).*

implementation of the programmes on the basis of a decision adopted under that Agreement. A specific provision should be introduced in this Regulation requiring those third countries to grant the necessary rights and access required for the authorising officer responsible, OLAF and the Court of Auditors to comprehensively exercise their respective competences. Pursuant to Article 85 of Council Decision (EU) 2021/1764 (18), natural persons and bodies and institutions established in overseas countries and territories (OCTs) are eligible for funding subject to the rules and objectives of the Programme and possible arrangements applicable to the Member State to which the relevant OCT is linked.

- (29) ■ The Commission should ■ set up a dedicated facility as part of the Programme to be referred to as the ‘Fund for the acceleration of defence supply chain transformation (‘FAST’)’. FAST should be implemented under indirect management. FAST will leverage, de-risk and speed-up investments needed to increase the defence manufacturing capacities of EU-based SMEs and small mid-caps, in the form of a blending operation offering support in the form of debt and/or equity. FAST should be established as a blending operation *and the Commission should develop a competitive bidding framework for it.*
- (30) FAST should achieve a satisfactory multiplier effect in line with the debt and equity mix and contribute to attracting both public and private-sector financing. In order to contribute to the overall objective of enhancing the EDTIB’s competitiveness, FAST should also provide support to SMEs (including start-ups and scale-ups) and small mid-caps across the EU, manufacturing defence technologies and products as well as companies actually or potentially part of the defence industry’s supply chain, facing difficulties in accessing finance. FAST should as well accelerate investment in the field of manufacturing defence technologies and products, and therefore strengthen the security of supply of the Union’s defence industry value chains.
- (30a) *The European Defence Projects of Common Interest should consist of collaborative industrial projects aimed at reinforcing the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States’ military capabilities and systems of common interest or use, including those securing access to all operational domains.***

- (30b) *Due to the sensitive nature of the decision to identify European Defence Projects of Common Interest in light of their potential impact on national security interests, and given the importance of ensuring the contribution of such projects to the defence readiness of all Member States, the power to adopt implementing acts to identify a European Defence Project of Common Interest should be conferred on the Council, upon a proposal from the Commission. Before proposing such implementing acts, the Commission should take into account the views of all Member States and their project proposals for possible European Defence Projects of Common Interest.*
- (31) Cooperative armament programmes in the Union face significant challenges, being mostly set up on ad hoc basis and being plagued by complexity, delays and cost overruns. To remediate this situation and ensure *joint targeted efforts with regard to capability priorities and achieving defence readiness by 2030 as well as* continuous Member States' commitment throughout the whole life cycle of defence capabilities, a more structured approach is required at EU level. To make this happen, the Commission should support Member States' efforts by making available a new legal framework – the Structure for European Armament Programme (SEAP) - to underpin and strengthen defence cooperation. Actions undertaken in this framework should be mutually reinforcing with those carried out under the Common Foreign and Security Policy (CFSP), in particular *with regard to the actions foreseen in the White Paper for European Defence and identified capability priorities* in the context of *the Defence Investment Gaps Analysis*, the Capability Development Plan (CDP) and of *projects within* PESCO.
- (32) Within this Structure for European Armament Programme, Member States should benefit from standardised procedures for initiating and managing cooperative defence programmes. A cooperation under this framework should also allow Member States, under certain conditions, to benefit from an increased funding rate, simplified and harmonised procurement procedures, and, where Member States jointly own the procured equipment, a VAT exemption. The international organisation status should also allow Member States, if they wish so, to issue bonds to ensure the long-term financing plan of armament programmes. While the Union would not be liable for debt issuance by Member States, contributions under EDIP to the functioning of SEAP

might improve the conditions for financing by the Member States of the armament programmes, which are eligible for Union support.

- (33) In order to permit an efficient procedure for the setting-up of a SEAP, it is necessary for the Member States, associated countries or Ukraine willing to set up a SEAP to submit an application to the Commission which should assess, *together with the European Defence Agency*, whether the proposed statutes of the armament programme are in conformity with this Regulation. Such an application should contain a declaration of the host Member State recognising the SEAP as an international body or organisation for the purpose of the application of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax and Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty, as of its setting up.
- (34) For reasons of transparency, the decision setting-up a SEAP should be published in the *Official Journal of the European Union*. For the same reasons, the essential elements of its Statutes should be annexed to such decisions.
- (35) In order to carry out its tasks in the most efficient way, a SEAP should have legal personality and the most extensive legal capacity as from the day on which the decision setting it up takes effect. It should have a statutory seat, in order to determine the applicable law, within the territory of a member of that SEAP which is a Member State.
- (36) Membership of a SEAP should comprise at least three Member States and may include associated countries and Ukraine.
- (37) For the implementation of the SEAP, more detailed provisions should be laid down in Statutes, on the basis of which the Commission should examine the compliance of an application with the rules established in this Regulation.
- (38) It is necessary to ensure that, on the one hand, a SEAP has the necessary flexibility to amend its Statutes and, on the other hand, that certain essential elements, in particular those which were necessary for the granting of the SEAP statutes, are preserved through a necessary control at Union level. If an amendment concerns an essential element of the Statutes annexed to the decision setting up the SEAP, such amendment should be approved, prior to taking effect, by a Commission decision taken following

the same procedure as that for setting up the SEAP. Any other amendment should be notified to the Commission *and the European Defence Agency*, which should have an opportunity to object if it considers the amendment contrary to this Regulation.

- (39) A SEAP should be able to appoint a Procurement Agent acting in its own name. A SEAP should be able to procure defence products on its own behalf or on behalf of its members. In the case it procures on its own behalf, the SEAP should be considered as an international organisation purchasing for its own purposes within the meaning of Article 12(c) of Directive 2009/81/EC in conformity with State aid rules. Where it procures on behalf of its members, in order to ensure an adequate incentive for Member States to engage in a cooperation within the SEAP, the SEAP should be able to define its own rules of procurement by derogation to Directive 2009/81/EC. These rules should ensure compliance with EU primary law principles applicable to procurement, in particular those of transparency, non-discrimination and competition.
- (40) A SEAP could qualify for funding in accordance with Title VI of the *Financial Regulation* ■ .
- (41) In order to carry out its tasks in the most efficient way and as a logical consequence of its legal personality, a SEAP should be liable for its debts. In order to allow the members to find appropriate solutions regarding their liability, the option should be given to provide in the Statutes for different liability regimes going above the liability limited to the contributions of the members.
- (42) Since a SEAP is established under Union law, it should be governed by Union law, in addition to the law of the State where it has its statutory seat. However, the SEAP could have a place of operation in another State. The law of that latter State should apply in respect of specific matters defined by the Statutes of the SEAP. Furthermore, a SEAP should be governed by implementing rules complying with the Statutes.
- (43) In order to ensure sufficient control of compliance with this Regulation, a SEAP should transmit to the Commission and relevant public authorities its annual report and any information about circumstances threatening to seriously jeopardise the achievement of its tasks. If the Commission obtains indications, through the annual report or otherwise, that the SEAP acts in serious breach of this Regulation or other applicable law, it should request explanations and/or actions from the SEAP and/or its

members. In extreme cases and if no remedial action is taken, the Commission could repeal the decision setting up the SEAP, thus triggering the winding-up of the SEAP. *The Commission should provide the European Parliament with an annual report about the activities of all active SEAPs.*

- (44) Upon the adoption of ASAP, the European Parliament and the Council called on the Commission to consider, putting forward a legal framework aimed at ensuring the security of supply (Joint Statement of 11 July 2023). This joint statement by co-legislators echoed the conclusions of the European Council in December 2013 calling for a comprehensive EU-wide Security of Supply regime and the European Parliament's recommendation of 8 June 2022 urging the Commission to present, without delay, such a regime.
- (45) The crisis resulting from Russia's war of aggression against Ukraine has not only demonstrated deficiencies in the Union's and Ukraine's defence industrial sector, but has also posed challenges to the functioning of the internal market for defence products. Indeed, the steady degradation of the geopolitical context has already entailed a significant and lasting increase in the demand that may affect the functioning of the internal market for the production and sale of certain defence products and of their components in the Union. While certain Member States have taken or are likely to take measures to preserve their own stocks as a matter of national security, others are faced with difficulties of access to the goods needed to manufacture or acquire the relevant defence products. Sometimes, difficulties in accessing one raw material or a specific component hamper entire production chains. To ensure the functioning of the internal market under any circumstances and to make it resilient to any shock, it is necessary to establish, in a coordinated way, harmonised rules for increasing the security of supply of defence products. Those measures should be based on Article 114 TFEU.
- (46) To pursue the general public policy objective of security, it is necessary that production facilities related to the production of relevant defence products are set up as quickly as possible, while keeping the administrative burden to a minimum. For that reason, Member States should treat applications related to the planning, construction and operation of plants and installations for the production of relevant defence

products in the most rapid manner possible. Such applications should be given priority when balancing legal interests in the individual case.

- (47) In view of the objective of this Regulation, and of the emergency situation and the exceptional context of its adoption, Member States should consider using defence-related exemptions under national and applicable Union law, on a case-by-case basis, if they deem that the use of such exemptions would facilitate the achievement of that objective. That could in particular apply to Union law concerning environmental, health and safety issues, which is indispensable to improving the protection of human health and the environment, as well as to achieving a sustainable and safe development. However, the implementation of that law could also produce regulatory barriers hampering the Union defence industry's potential to ramp up the production and deliveries of relevant defence products. It is a collective responsibility for the Union and its Member States to urgently look into any action they could take to mitigate possible obstacles. Any such action, whether at Union, regional, or national level, should not compromise the environment, health and safety.
- (48) Directive 2009/81/EC of the European Parliament and of the Council aims at harmonising procurement procedures for the award of public contracts in the field of defence and security thus enabling the security requirements of Member States and the obligations arising from the TFEU to be met. That Directive contains, in particular, specific provisions governing situations of urgency resulting from a crisis, in particular shortened periods for the receipt of tenders and the possibility to use the negotiated procedure without prior publication of a contract notice. However, in extreme urgency, in particular during supply and security crises, these rules could be incompatible even with those provisions in cases where two or more Member States intend to engage in a common procurement. In some cases, the only solution that ensures the security interests of those Member States is to open an existing framework agreement to contracting authorities/entities of Member States that were not originally party to it, even though that possibility had not been provided for in the original framework agreement.
- (49) In accordance with the case law of the Court of Justice of the European Union, modifications to a public contract are to be strictly limited to what is absolutely necessary in the circumstances, while complying to the maximum extent possible with

the principles of non-discrimination, transparency and proportionality. In that regard, it should be possible to derogate from Directive 2009/81/EC by increasing the quantities provided for in a framework agreement while opening it to contracting authorities/entities of other Member States. With respect to those additional quantities, those contracting authorities/entities should enjoy the same conditions as the original contracting authority/entity that concluded the original framework agreement. In such cases, the original contracting authority/entity should also allow any economic operator who fulfils the contracting authority's/entity's conditions initially laid down in the procurement procedure for the framework agreement, including requirements for qualitative selections as referred to in Articles 39 to 46 of Directive 2009/81/EC, to join that framework agreement. In addition, appropriate transparency measures should be taken to ensure that all potentially interested parties are informed.

- (50) While the response of the EU and its Member States to the immediate challenge of the Russian war of aggression against Ukraine has been rapid and decisive, it is time for the EU to move from the emergency response to building the EU's long-term readiness. Resilience is a precondition of the EDTIB's readiness and competitiveness. The EU has already developed tools and frameworks to increase industrial readiness and resilience to tackle future crisis situations. However, such measures are not available to support the EDTIB.
- (51) It is therefore necessary to set up a modular and gradual EU Security of Supply regime to enhance solidarity and effectiveness in response to tensions along the supply chains or to security crises and allow for the timely identification of potential bottlenecks. Such a regime should enable the EU and its Member States to anticipate and address the consequences of supply crises, where shortages of civilian or dual-use components, or of raw materials, seriously threaten the timely availability and supply of defence products, and also the consequences of supply crises which are directly linked to the existence of a security crisis within the Union or its neighbourhood and which result in shortages of certain defence products.
- (52) To enable anticipation of potential shortages, national competent authorities should alert the *Defence Industrial Readiness Board* if they become aware of a risk of serious disruption in the supply of crisis relevant products or have concrete and reliable information of any other relevant risk factor or event materialising. In order to

ensure a coordinated approach, the Commission should, where it learns of a risk of serious disruption in the supply of defence products or has concrete or reliable information of any other relevant risk factor or event materialising, convene an extraordinary meeting of the Defence Industrial Readiness Board to discuss the severity of the disruptions and possible initiating of the procedure for activating the supply crisis state, and whether it may be appropriate, necessary and proportionate for Member States to enter into dialogue with stakeholders, with a view to identifying, preparing and possibly coordinating such preventive measures. The Commission should, where relevant, consult and cooperate with relevant third countries with a view to jointly addressing supply-chain disruptions, in compliance with international obligations and without prejudice to procedural requirements.

- (53) In light of the complexities of defence supply chains and the risk of shortages in a foreseeable future, this Regulation should provide instruments for a coordinated approach to mapping and monitoring of the supply chains of certain defence products and effectively tackling possible market disruptions in a proportionate manner.
- (54) The objective of a mapping of the Union's defence supply chains should be to provide an analysis of their *position in the global value chains* with a view to ensure security of supply and resilience. To that end, the Commission *together with the Member States and the European Defence Agency* should *carry out a mapping of the Union's defence supply chains and develop a framework and methodology for the identification of crisis-relevant products, with an emphasis on identifying bottlenecks, as well as their related manufacturing capacities in the Union*. The mapping should be based on publicly and commercially available data and, if necessary, on data obtained through voluntary information requests *to Member States*, in consultation with the Defence Industrial Readiness Board.
- (55) In order to forecast and prepare for future disruptions of the different stages of the Union's defence supply chains and of trade within the Union, the Commission should, assisted by the Defence Industrial Readiness Board and on the basis of the outcome of the mapping, identify and develop a list of early warning indicators. Such indicators could include atypical increases in lead time, the availability of raw materials, intermediate products and human capital needed for manufacturing crisis-relevant products, or appropriate manufacturing equipment, forecasted demand, price surges

exceeding normal price fluctuation, the effect of security crises, accidents, attacks, natural disasters or other serious events, the effect of trade policies, tariffs, export restrictions, trade barriers and other trade-related measures, and the effect of business closures, offshoring or acquisitions of key market actors. Monitoring activities of the Commission *and the Member States* should focus on these early warning indicators, *with the Member States being in charge of the monitoring at national level.*

(55a) *As part of the crisis preparedness framework, this Regulation should also enable the Commission to carry out stress tests and simulations, building in particular on the advice of the Defence Industrial Readiness Board concerning critically important topics for defence supply chains. In this context, the Commission should develop scenarios and parameters that capture the particular risks associated with a crisis in the supply of crisis-relevant products. In order to ensure the crisis preparedness of all relevant actors, it is necessary that all Member States and, where relevant, the High Representative, the European Defence Agency as well as other relevant actors, are invited to take part in those stress tests. In this context, the Commission should facilitate and encourage the development of strategies for emergency preparedness, including strategies for crisis communication and exchanging information about applicable restrictions in challenging circumstances. Given the sensitivity of information related to supply-chains bottlenecks for the defence and security interests of the Union and its Member States, the participation of Member States to those stress tests is voluntary, and the results of those stress tests should constitute classified information.*

(56) In order to minimise the burden for undertakings responding to the monitoring and to ensure that the acquired information can be compiled in a meaningful way, the Commission should provide for standardised and secure means for any information collection. These means should ensure that any collected information is treated confidentially, ensuring business secrecy and cybersecurity.

(57) On this basis, the Commission, *together with the European Defence Agency and after consulting the Defence Industrial Readiness Board*, should draw up a list, identifying the crisis-relevant defence products, raw materials or components thereof, that are affected by disruptions or potential disruptions of the functioning of the Single Market and its supply chains leading to significant shortages. The Commission should

regularly update this list, to focus only on possible disruptions or bottlenecks affecting the security of supply of relevant defence products, as well as raw materials and components thereof.

- (58) Due to the sensitive nature of the decision to activate the supply-crisis state or the security crisis state and of the potential measures that may be taken in response thereof, including the significant impact which such measures might have on private undertakings in the Union, the power to adopt an implementing act as regards activating, prolonging and terminating these states should be conferred on the Council.
- (59) Where the supply-crisis state or the security crisis state is activated, the Commission *working in liaison with European Defence Agency*, should be able to request *Member States to provide* necessary information to ensure the timely availability of crisis relevant products from undertakings *operating on their territory*, dealing with these products, raw materials or components thereof. Such information should inform the Commission's decision on appropriate measures under this *Regulation* to address possible disruptions or bottlenecks affecting the security of supply of relevant defence products as well as relevant raw materials and components.
- (60) Such an identification, mapping and continuous monitoring mechanism should allow a near real time analysis of the production capacity in the Union, critical factors impacting security of supply of relevant defence products, and stockpiles' status. It should also enable Commission to design emergency response measures to actual or anticipated shortages.
- (61) Avoiding shortages of relevant defence products is essential to preserve the objective of general interest of security of the Union and its Member States and justifies, where necessary, proportionate interferences with fundamental rights of the undertakings providing crisis relevant products, such as the freedom to conduct a business in accordance with Article 16 of the Charter and the right to property in accordance with Article 17 of the Charter, in the respect of Article 52 of the Charter. Such interferences may be justified in particular where several Member States have undertaken specific efforts to consolidate demand through joint procurement, hence contributing to the further integration and smooth functioning of the Internal Market for relevant defence products.

- (62) As an instrument of last resort to ensure that critical sectors can continue to operate in a time of crisis and only when necessary and proportionate for that purpose, relevant undertakings could be required by the Commission to accept and prioritise orders of crisis-relevant products, ***which are not defence products***. The decision on a priority-rated order should be taken in accordance with all applicable Union legal obligations, having regard to the circumstances of the case. The priority rating obligation should take precedence over any performance obligation under private or public law except those directly related to military orders while it should have regard for the legitimate aims of the undertakings and the cost and effort required for any change in production sequence. Each priority-rated order should be placed at a fair and reasonable price which should take into account the undertaking's opportunity costs vis-à-vis existing contracts.
- (63) The obligation to prioritise the production of certain products should not disproportionately affect the freedom to conduct a business and the freedom of contract laid down in Article 16 of the Charter of Fundamental Rights of the European Union ('the Charter') and the right to property laid down in Article 17 of the Charter. Any limitation of those rights should, in accordance with Article 52(1) of the Charter, be provided for by law, respect the essence of those rights and freedoms, and comply with the principle of proportionality.
- (64) Where the security crisis state is activated, based on the ***fact that a Member State has triggered Article 42(7) TEU***, the measures available under the supply crisis state should also be available.
- (65) Where the security crisis state is activated and in order to address cases where a Member State faces or may face severe difficulties either in the placing of an order or in the execution of a contract for the supply of defence products, the Council should activate measures at Union level aimed to ensure the availability of crisis-relevant goods, such as priority rated ***orders*** to ensure the proper functioning of the internal market and its defence supply chains ***and the adequate supply of all Member States***.
- (66) As an instrument of last resort, priority-rated ***orders*** should aim at addressing situations where the production or supply of crisis relevant products which are defence products could not be achieved by other measures. The priority-rated ***order*** should be

taken based on objective, factual, measurable, and substantiated data. It should have regard for the legitimate interests of the undertakings and the cost and effort required for any change in production sequence. ■ The obligation to perform the priority-rated *order* should take precedence over any performance obligation under private or public law. Each priority rated *order* should be placed at a fair and reasonable price.

- (67) With a view to support the Commission in implementing this Regulation, a European Defence Industrial Readiness Board should be established, composed of the Commission, the High Representative/Head of the Agency, *the Chair of the European Union Military Committee*, Member States, *as well as representatives from the European Parliament as observers*. In addition, outside the framework of the current Regulation, the High Representative/Head of Agency and the Commission will at their initiative convene and co-chair meetings of the members in the context of the Board to exercise the joint programming and procurement function and provide strategic guidance and advice with a view to increase defence industrial readiness of the EDTIB, in line with the European Defence Industrial Strategy.
- (67a) *The increasing importance of the European Union in defence matters should be mirrored by an adequate level of democratic scrutiny and oversight to ensure the responsible allocation of funds and support from Union citizens. As a consequence, this Regulation should enable a proper level of parliamentary oversight from the European Parliament, in particular to provide the European Parliament with the possibility to participate in strategic decisions of the Union, to protect adherence to European ethical standards and due respect of fundamental rights.*
- (67b) *In order to send a long-term signal to the EDTIB and to the market as well as to monitor the achievement of the objectives of this Regulation, a framework for the monitoring and evaluation of key features for the resilience, readiness, productivity, integration and competitiveness of European defence industry should be put in place, on the basis of objectives to be achieved by 2030 or 2035 outlined in the European Defence Industrial Strategy issued in March 2024. Those key features are in particular the share of defence products procured in a collaborative manner, and the share of EU content in defence products acquired by Member States and in defence investments within the Union.*

- (68) This Regulation should apply without prejudice to Union competition rules, in particular Articles 101 to 109 TFEU and the legal acts that give effect to those Articles.
- (69) In accordance with Article 41(2) TEU, operating expenditure arising from Chapter 2 of Title V TEU is to be charged to the Union budget, except for such expenditure arising from operations having military or defence implications.
- (70) This Regulation should apply without prejudice to the specific character of the security and defence policy of certain Member States.
- (70a) This Regulation has implications for the Union budget. Accordingly, the European Parliament's Committee on Budgets adopted a budgetary assessment, which forms an integral part of Parliament's mandate for negotiations,***

HAVE ADOPTED THIS REGULATION:

## Chapter I

### General Provisions

#### Article 1

#### *General objectives and Subject Matter*

1. ***This Regulation aims to enhance the technological leadership, innovation, readiness, long-term competitiveness, resilience, integration and preparedness of the European Defence Technological and Industrial Base (EDTIB), leading to a more sovereign Union, ensuring the timely availability and supply of defence products and contributing to the recovery, reconstruction and modernisation of the Ukrainian Defence Technological and Industrial Base (Ukrainian DTIB).***
2. This Regulation establishes a budget ***for the period from 2025 to 2027*** and **■** the following :
  - (1) the European Defence ***Industry*** Programme (the 'Programme'), comprising measures for the strengthening of the competitiveness, responsiveness and ability of the EDTIB ***and for its modernisation, including*** the establishment of a fund for the

acceleration of defence supply chain transformation ('FAST') *as set out in Chapter II;*

- (2) a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the 'Ukraine Support Instrument') *and the facilitation of its industrial integration into the EDTIB, as set out in Chapter IIa;*
- (2a) *a legal framework for the establishment of European Defence Projects of Common Interest, as set out in Chapter IIb;*
- (2b) *a European Military Sales Mechanism as set out in Chapter IIc;*
- (3) a legal framework laying down the requirements and procedures for and the effects of setting-up the Structure for European Armament Programme ('SEAP') as set out in Chapter III;
- (4) a legal framework aiming at ensuring security of supply, *resilience, and strengthening the response to crisis by* removing obstacles and bottlenecks and supporting the production of defence products as set out in Chapter IV;
- (5) a Defence Industrial Readiness Board as set out in Chapter V.

## *Article 2*

### **Definitions**

For the purposes of this Regulation, the following definitions apply:

- (1) 'advance purchasing agreement' means a public contract with one or several undertakings which aims at supporting the swift development and/or production of a product and by virtue of which the right to buy a specified number of products in a given timeframe and at a given price is subject to the prefinancing of part of the upfront costs faced by the concerned undertakings. While an advance purchasing agreement is legally binding upon the participating contracting authorities and upon the contractor, it needs to be further implemented by means of the conclusion of contracts with the concerned contractors;

- (2) ‘bottleneck’ means a point of congestion in a production system that stops or severely slows the production;
- (3) ‘blending operation’ means an action supported by the Union budget, including within a blending facility or platform as defined in Article 2(6) of *the Financial Regulation*, that combines non-repayable forms of support and/or financial instruments from the Union budget with repayable forms of support from development or other public finance institutions, or from commercial finance institutions and investors;
- (4) ‘common procurement’ means a procurement jointly conducted by at least three Member States;
- (5) ‘control’ means the ability to exercise a decisive influence on a legal entity directly, or indirectly through one or more intermediate legal entities;
- (6) ‘classified information’ means information or material, in any form, the unauthorised disclosure of which could cause varying degrees of prejudice to the interests of the Union, or of one or more of the Member States, and which bears an EU classification marking or a corresponding classification marking, as established in the Agreement between the Member States of the European Union, meeting within the Council, regarding the protection of classified information exchanged in the interests of the European Union;
- (7) ‘defence products’ means any defence-related products as referred to in Article 2 of Directive 2009/43/EC;
- (7a) *‘design authority’ means the entity that has the legal authority and the ability to decide, without restrictions by non-associated countries or by non-associated country entities, on the definition, adaptation and evolution of the product’s design, based on the necessary ownership of IP rights and mastery of technologies, including the legal authority to substitute or disintegrate the components subject to restriction by non-associated countries or by non-associated country entities with alternative and restriction-free components originating in the Union;*
- (7b) *‘defence industrial readiness pool’ means a strategic reserve of defence products, accumulated through the purchase of additional quantities of defence products when common procurement is undertaken;*

- (8) ‘executive management structure’ means a body of a legal entity, appointed in accordance with national law, and, where applicable, reporting to the chief executive officer, which is empowered to establish the legal entity’s strategy, objectives and overall direction, and which oversees and monitors management decision-making;
- (9) ‘legal entity’ means a legal person created and recognised as such under Union, national or international law, which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of the *Financial Regulation*;
- (10) ‘defence innovation action’ means an action primarily consisting of activities directly aiming to produce plans and arrangements or designs for new, altered or improved defence products, processes or services, possibly including prototyping, testing, demonstrating, piloting, large-scale product validation and market replication;
- (11) ‘middle capitalisation company’ or ‘mid-cap’ means an enterprise that is not a SME and that employs a maximum of 3 000 persons, where the headcount of staff is calculated in accordance with Articles 3 to 6 of the Annex to Recommendation 2003/361/EC;
- (12) ‘non-associated third-country entity’ means a legal entity that is established in a non-associated third country or, a legal entity that is established in the Union or in an associated country, but has its executive management structures in a non-associated third country;
- (13) ‘off-take agreement’ means any contractual agreement between at least [three] Member States and at least one manufacturer of defence products containing either a commitment on the Member States to procure a certain quantity of defence products over a certain period of time or a commitment on the manufacturer of defence products to provide the Member States with the option to do so;
- (14) ‘procurement agent’ means a contracting authority as defined in Article 2(1), point (1), of Directive 2014/24/EU and Article 3(1) of Directive 2014/25/EU established in a Member State or an associated country, the European Defence Agency, a Structure for European Armament Programme or an international organisation that is

designated by Member States, associated countries or Ukraine to conduct a common procurement on their behalf;

- (15) ‘lead time’ means the period of time between a purchase order being placed and the manufacturer completing the order;
- (15a) *‘life-cycle’ means all the stages of a product, from research and development to de-commissioning and disposal;*
- (15b) *‘maintenance’ means all actions taken to ensure the readiness and operational capability of the defence product, in particular to retain equipment in, or to restore it to, specified conditions until the end of its use, including mission readiness and product longevity and upgrades, customisation and specialisation, inspection, overhaul, testing, servicing, modification, classification as to serviceability, repair, recovery, rebuilding, reclamation, salvage and cannibalisation;*
- (16) ‘raw materials’ means the *raw* materials *as defined by Regulation (EU) 2024/1252*;
- (17) ‘seal of excellence’ means a quality label which shows that a proposal submitted to a call for proposals under the *Programme and the Ukraine Support* Instrument has passed all of the evaluation thresholds set out in the work programme, but could not be funded due to a lack of budget available for that call for proposals in the work programme, and might receive support from other Union or national sources of funding;
- I**
- (19) ‘sensitive information’ means information and data, including classified information, that is to be protected from unauthorised access or disclosure because of obligations laid down in Union or national law or in order to safeguard the privacy or security of a natural or legal person;
- (20) ‘small and medium-sized enterprises’ or ‘SMEs’ means small and medium-sized enterprises as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC;
- (21) ‘subcontractors in the common procurement’ means any legal entity which provides critical inputs that possess unique attributes essential for the functioning of a product and which is allocated at least 15 % of the value of the contract;

- (22) ‘small middle capitalisation company’ or ‘small mid-cap’ means an enterprise that is not a SME and whose number of employees does not exceed 499, calculated in accordance with Articles 3 to 6 of the Annex to Recommendation 2003/361/EC, the annual turnover of which does not exceed EUR 100 million or the annual balance sheet of which does not exceed EUR 86 million;
- (23) ‘crisis-relevant products’ means defence products or **■** components or raw materials thereof or any products or services critical to their production *whose availability is indispensable to ensure the proper* functioning of the internal market and its supply chains *and must be secured to respond to a supply crisis*.

## Chapter II

### *The Programme*

#### Section 1: General provisions applicable to the Programme **■**

##### *Article 3*

##### **Use of financing not linked to costs**

1. Grants may take the form of financing not linked to costs, pursuant to Article **183**(3) of *the Financial* Regulation.
2. Where the Union grant takes the form of financing not linked to costs for **common-procurement** actions reinforcing the EDTIB, the level of the Union contribution attributed to each action may be defined on the basis of factors such as:
  - (a) the complexity of the common procurement, for which a proportion of the estimated value of the common procurement contract and the experience gained in similar actions may serve as an initial proxy;
  - (b) the characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;

- (c) the number of participating Member States and associated countries or the inclusion of additional Member States or associated countries in existing cooperations;
- (d) the effort linked to ramp-up of necessary manufacturing capacities;
- (da) *the contribution to the reduction of dependencies on non-associated countries;***
- (e) the procurement of additional quantities for other Member States (defence *industrial* readiness pool);
- (ea) *the procurement of additional quantities for Ukraine and Moldova.***

■

#### *Article 4*

#### **Objectives**

1. The Programme *shall aim to increase the competitiveness, productivity and* readiness of the EDTIB ■ *in particular through:*
  - (a) initiating and speeding up the adjustment of industry to *the rapid* structural changes *imposed by the evolving security environment, in particular the strategic necessity for Member States to be able to deploy capabilities without control or restriction by non-associated third countries or entities*, including through:
    - (i) the creation, *adaptation, modernisation* and ramp-up of its manufacturing capacities *of defence and crisis-relevant products throughout the Union;*
    - (ii) the opening of the supply chains for cross-border cooperation and effective availability and supply throughout the Union, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps, *and ensuring the development of the EDTIB throughout the Union, with a view to building industrial redundancies in order to increase the Union's resilience;*
    - (iii) *the improvement and acceleration of the capacity of adaptation of supply chains for crisis-relevant products, the creation of manufacturing capacities or their ramp-up, and a reduction of their lead time for production and*

*delivery of defence products throughout the Union, including through stockpiling.*

- (b) *increasing cross-border* cooperation in defence procurement in order to contribute to solidarity, *in particular to ensure that stockpiling from actions under this Regulation will be located near or in the Member States with the highest exposure to the risk of materialisation of conventional military threats*, prevent crowding-out effects, increase the effectiveness of public spending and reduce excessive fragmentation, ultimately leading to an increase in the standardisation of defence systems and greater interoperability *and interchangeability, and ensuring the fulfilment of Member States' needs in terms of quality, availability and cost of defence products.*



## Article 5

### Budget

1. The financial *envelope* for the implementation of the Programme *for actions reinforcing the EDTIB* shall be composed of:
  - (a) ■ EUR 1 500 million in current prices *from the general budget* for the period from ... [date of entry into force of this Regulation] until 31 December 2027;
  - (aa) *at least EUR 15 000 million in* additional contributions *provided by the Member States* in accordance with *the second subparagraph of this paragraph and* Article 6;



*The Member States contributions under point (aa) of this paragraph may originate from the use of financial assistance received under the Security Action for Europe (SAFE) through the reinforcement of European defence industry instrument (the 'SAFE instrument'), established by Proposed*

***Council Regulation (EU) XXXX/XXXX [COM(2025)0122], or from any other national source.***

2. In order to respond to unforeseen situations or to new developments and needs, the Commission may reallocate the amount allocated to actions referred to in paragraph 1 of this Article and in paragraph 1 of Article 19b, by a maximum of 20 %, except for the additional financial resources as referred to in Article 19c(2), which shall not be reallocated.
3. The amount referred to in paragraph 1 and 5 of this Article and the amounts of additional contributions referred to in Article 6 may also be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities, including price investigations and corporate information technology systems and platforms, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the Programme/other elements of the subject matter.
4. In addition to Article 12(4) of *the Financial* Regulation, unused commitment and payment appropriations shall be automatically carried over and may be committed and used, respectively, until 31 December of the following financial year. The amount carried over shall be used first in the following financial year. The Commission shall inform the European Parliament and the Council of commitment appropriations carried over in accordance with Article 12(6) of *the Financial* Regulation.
5. By way of derogation from Article 212(3), first, second and fourth subparagraphs of *the Financial* Regulation, any revenues and repayments from financial instruments established under this Regulation shall constitute internal assigned revenue within the meaning of Article 21(5) of *the Financial* Regulation, to the Programme or its successor programme.
6. In addition to Article 15 of *the Financial* Regulation, commitment appropriations corresponding to the amount of recoveries and of decommitments shall be made available again to the Programme or the Ukraine Support Instrument or their successors in the context of the budgetary procedure.

7. Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.
8. Appropriations may be entered in the Union budget beyond 2027 to cover the expenses necessary to fulfil the objectives set out in Article 4, to enable the management of actions not completed by the end of the Programme, as well as expenses covering critical operational activities and services.

#### *Article 6*

#### **Additional financial resources**

1. Member States, European Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties, may provide additional financial contributions to the Programme, including to the Fund Accelerating the defence Supply Chains Transformation (FAST) referred to in Article 19 *of this Regulation* in accordance with Article 211(2) of the *the Financial Regulation*. Such financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of the *Financial Regulation*.
  - 1a. *With the aim of reaching amount of at least EUR 15 000 million referred to in Article 5(1), point (aa), the Member States may contribute to the Programme in the form of additional financial contributions referred to in paragraph 1 of this Article pro rata to the relative share of each contributing Member State in the gross national income of the Union. The Commission shall conclude agreements with the contributing Member States setting out the payment conditions.*
3. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council<sup>14</sup>. The Commission shall implement those resources directly in

---

<sup>14</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund

accordance with Article 62(1), point (a) of the first subparagraph, of the *Financial Regulation* or indirectly in accordance with point (c) of that subparagraph. They shall be added to the resources referred to in Article 5(1), point (a) *of this Regulation*.

Those resources shall be used for the benefit of the Member State concerned. *These contributions shall not count towards the Member States' proportional share under Article 5(1), point (aa).*

4. Where the Commission has not entered into a legal commitment under direct or indirect management for resources transferred in accordance with paragraph 3 and at the latest in the year 2028, the corresponding uncommitted resources may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and of the Council. *The Commission shall inform the European Parliament and the Council of any transfers, returns or reallocations carried out under this paragraph.*

- 4a. The Commission shall report annually to the European Parliament and to the Council on the implementation of contributions under this Article, including the amount received from each Member State, and its allocation to each Programme objective.*



## Article 7

### **Alternative, combined and cumulative funding**

1. The Programme shall be implemented in synergy with other Union programmes. An action that has received a contribution from another Union programme may also receive a contribution under the Programme provided that the contribution does not cover the same costs. The rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules of any of the contributing Union programmes may be applied to all contributions and a single legal commitment may be concluded. The cumulative support from the Union budget shall not exceed the

---

and the Programme for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159–706).

total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

2. In order to be awarded a Seal of Excellence under the Programme, actions shall comply with all of the following conditions:
  - (a) they have been assessed in a call for proposals under the Programme;
  - (b) they comply with the minimum quality requirements of that call for proposals;
  - (c) they are not financed under that call for proposals due to budgetary constraints.

## *Article 8*

### **Implementation and forms of Union funding**

1. The Programme shall be implemented under direct management in accordance with the *Financial* Regulation or *under* indirect management with bodies referred to in Article 62(1), point (c), of the *Financial* Regulation.
2. Union funding may be provided in any of the forms laid down in the *Financial* Regulation, in particular grants, prizes, procurement, and financial instruments within blending operations in accordance with Title X of the *Financial* Regulation.
3. By way of derogation from Article 192(2) of the *Financial* Regulation, activities referred to in Article 13, for which Union funding is provided in the form of a grant, and profit is made, the Commission *shall* recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary carrying out the action, up to the final amount of the Union contribution. The profit is calculated by a surplus of receipts over the eligible costs of the action, where receipts are limited to Union funding, Member State funding, including procurement, other revenue generated during the action and any revenue resulting from the action. The work programme may set out further details.
  - 3a. *By way of derogation from paragraph 3, the Commission shall refrain from recovering funds provided to small and medium-sized enterprises (SMEs) and small middle capitalisation companies (small mid-caps).*

4. By way of derogation from Article **196**(2) of *the Financial* Regulation, financial contributions may, where relevant and necessary for the implementation of an action, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions, provided that those actions did not start before ... *[date of entry into force of this Regulation]* and have not been completed before the signature of the grant agreement.

#### *Article 9*

### **Third countries associated to the Programme**

The Programme shall be open to the participation of members of the European Free Trade Association which are members of the EEA, in accordance with the conditions laid down in the Agreement on the European Economic Area (associated countries).

#### *Article 10*

### **Eligible legal entities**

1. The eligibility criteria set out in paragraphs 2 to 7 *of this Article* shall apply in addition to the criteria set out in accordance with *the Financial* Regulation.
2. Recipients of Union funding shall be established in the Union or in an associated country *and their executive management structures shall be in the Union or in an associated country*.
3. The infrastructure, facilities, assets and resources of the recipients *involved in an action* which are used for the purposes of the action shall be located on the territory of a Member State or of an associated country *for the entire duration of the action*.  
**I**
- 3a. *By way of derogation from paragraph 3 of this Article, where recipients involved in an action have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated country, they may use their infrastructure, facilities, assets or resources which are located or held outside the territory of the Member States or of the associated countries, provided that such use does not contravene the security and defence interests of the Union or its Member States, including respect for the principle of good neighbourly relations, and is consistent with the objectives set out in Article 4. The costs related*

*to activities using such infrastructure, facilities, assets or resources shall not be eligible for support from the Programme.*

4. *Recipients of Union funding under the Programme shall not be subject to control by a non-associated third country or by a non-associated third-country entity.*

5. By way of derogation from paragraph 4, a legal entity established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient **■** or if guarantees approved by the Member State or the associated country in which it is established in accordance with its national procedures are made available to the Commission.

The guarantees shall provide assurances that the involvement in an action of such a legal entity would not contravene the security and defence interests of the Union and its Member States as established in the framework of the CFSP pursuant to Title V of the Treaty on European Union (TEU), or the objectives set out in Article 4. The guarantees shall also comply with Article 11(2), point (c). The guarantees shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

- (a) control over the legal entity is not exercised in a manner that restrains or restricts its ability to carry out the action and to deliver results, that imposes restrictions concerning its infrastructure, facilities, assets, resources, intellectual property or knowhow needed for the purposes of the action, or that undermines its capabilities and standards necessary to carry out the action;
- (b) access by a non-associated third country or by a non-associated third-country entity to sensitive information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate;

If considered to be appropriate by the Member State or the associated country in which the legal entity is established, additional guarantees may be provided.

The Commission shall inform the committee referred to in Article 58 of any legal entity considered to be eligible in accordance with this paragraph, *as well as of any*

*concern regarding a possible lack of compliance with the conditions set out in this paragraph.*

**5a.** *The Commission shall make available to Member States and associated countries a standardised template for the provision of guarantees as referred to in paragraph 5.*

6. When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of associated countries, or controlled by a non-associated third country or by a non-associated third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article 11(2), point (c).

There shall be no unauthorised access by a non-associated third country, or other non-associated third-country entity to classified information relating to the carrying out of the action and potential negative effects over security of supply of inputs critical to the action shall be avoided.

The costs related to those activities shall not be eligible for support from the Programme.

7. Paragraphs 2 to 6 shall not apply to:

- (a) contracting authorities of Member States and associated countries;
- (b) International Organisations;
- (c) Structures for European Armament Programme;
- (d) the European Defence Agency.

#### *Article 11*

#### **Eligible actions**

1. *Actions eligible for funding under the Programme shall implement the objectives set out in Article 4 and may take one of the following forms, or a combination thereof:*

- (a) *common procurement actions as referred to in Article 12, including for the establishment and maintenance of Defence Industrial Readiness Pools as referred to in Article 21g;*
- (b) *industrial reinforcement actions as referred to in Article 13;*
- (c) *supporting actions as referred to in Article 13a;*
- (d) *deployment of European Defence Projects of Common Interest as referred to in Article 21da.*

2. *The following actions shall not be eligible for funding under the Programme:*

- (a) *actions related to goods and services which are prohibited by applicable international law;*
- (b) *actions related to lethal autonomous weapons without the possibility of meaningful human control over selection and engagement decisions when carrying out strikes against humans;*
- (c) *actions related to goods or services which are subject to control or restriction by non-associated third countries or by non-associated third-country entities, directly, or indirectly through one or more intermediate legal entities, including in terms of technology transfer;*
- (d) *actions related to defence products for which the design authority, as defined in Article 2, is not an eligible entity as set forth in Article 10;*
- (e) *actions or parts thereof that are already fully financed from other public or private sources;*
- (f) *actions which include sourcing from non-associated third countries that contravene the security and defence interests of the Union or its Member States including respect for the principle of good neighbourly relations.*

2a. *The cost of components originating in the Union or associated countries shall not be lower than 70 % of the estimated value of the end product.*

█

█

█



- (a) public contracting authorities of Member States or associated countries;
  - (b) International Organisations;
  - (c) the Structures for European Armament Programme;
  - (d) the European Defence Agency.
2. Member States and associated countries participating in a common procurement shall appoint, by unanimity, an eligible legal entity as procurement agent to act on their behalf for the purposes of that common procurement. The procurement agent shall carry out the procurement procedures and conclude the resulting contracts with contractors on behalf of the participating countries. The procurement agent may participate in the action as a beneficiary and may act as the coordinator of the consortium and may therefore be able to manage and combine funds from the Programme and funds from the participating Member States and associated countries.
3. This Regulation is without prejudice to the rules on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities/entities in the fields of defence and security laid down in Directive 2009/81/EC.
- 3a. Common procurement actions shall be carried out by legal entities cooperating within a consortium of at least four eligible legal entities which are established in at least four different Member States or associated countries. At least four of those eligible legal entities established in at least three different Member States or associated countries shall not, during the entire period in which the action is carried out, be controlled, directly or indirectly, by the same legal entity and shall not control each other.***
4. The procurement procedures referred to in paragraph 2 shall be based on an agreement to be signed by the participating Member States and associated countries with the procurement agent under the conditions set out in the work programme. The agreement shall, in particular, determine the practical arrangements governing the common procurement and the decision-making process on the choice of the procedure, the assessment of the tenders and the award of the contract.

5. The procurement agent shall apply *the* conditions ■ set out in Article 10■ , to *its* procurement procedures and in contracts with contractors, **and require in the call for tender that the conditions are applied to subcontractors of the successful tenderer** in the common procurement.
6. Procurement agents shall provide the Commission with guarantees and mitigation measures referred to in Article 10(5). Further information on the guarantees and mitigation measures shall be made available to the Commission upon request. The Commission shall inform the committee referred to in Article 58 of any notification provided in accordance with this paragraph.
7. The common procurement contract shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries, **Moldova** or Ukraine.

Such rules shall be without prejudice to applicable Union law and be in line with Member States' national laws and regulations relating to the export of defence-related products.

### *Article 13*

#### **Industrial reinforcement actions**

- 1. ***Activities related to speeding up the adjustment to structural changes or technological developments of the production capacity of defence products, including their components and corresponding raw materials insofar as those components and corresponding raw materials are intended or used wholly for the production of defence products (industry reinforcement actions) may cover:***
  - (a) ***the optimisation, expansion, modernisation, automation, upgrading or repurposing of existing, or the establishment of new, production capacities insofar as those components and raw materials are intended or used wholly for the production of defence products, in particular with a view to increasing production capacity or reducing lead production times, including on the basis of the procurement or acquisition of the requisite machine tools and any other necessary input;***
  - (b) ***the establishment of cross-border industrial partnerships, including through public private partnerships or other forms of industrial cooperation, in a***

*joint industrial effort, including activities that aim to coordinate the sourcing or reservation and stockpiling of defence products, components and corresponding raw materials insofar as those components and raw materials are intended or used wholly for the production of defence products, as well as to coordinate production capacities and production plans;*

- (c) the building-up and making available of reserved surge manufacturing capacities (ever warm facilities) of defence products, their components and corresponding raw materials, insofar as those components and raw materials are intended or used wholly for the production of defence products, in accordance with ordered or planned production volumes;*
- (d) fostering industrialisation and commercialisation of defence products that have been developed in the framework of actions funded by the Union or other cooperative activities conducted with support by at least two Member States including through the establishment of cross-border industrial partnerships, public private partnerships or other forms of industrial cooperation, ramping-up of initial production as well as licensing production, where appropriate;*
- (e) the testing, including the necessary infrastructure, and, as appropriate, reconditioning certification of defence products with a view to addressing their obsolescence and making them useable by end users.*

1. For activities referred to in **paragraph -1**, points (a), (b) and (c), in order to be eligible for funding actions shall be exclusively related to the production capacities of defence products, including their components and raw materials insofar as they are intended or used wholly for the production of defence products.

**1a.** *For activities referred to in paragraph -1, point (d), in order to be eligible for funding actions, the ownership of intellectual property arising from such action shall not be subject to restriction by a non-associated third country or a non-associated third-country entity, nor transferred to entities established outside the territory of the Member State or of associated countries. The action shall be carried out by legal entities cooperating within a consortium of at least four*

*eligible legal entities which are established in at least four different Member States or associated countries among which at least four eligible entities established in four different Member States. At least four of those eligible legal entities established in at least three different Member States or associated countries shall not, during the entire period in which the action is carried out, be controlled, directly or indirectly, by the same legal entity and shall not control each other.*

***1b. By way of derogation from paragraph 1a, the action may be carried out by a Structure for European Armament Programme.***

2. These actions shall be without prejudice to Union competition rules, and in particular Article 101 *of the* Treaty on the Functioning of the European Union (TFEU).

### ***Article 13a***

#### ***Supporting actions***

1. Supporting activities ('support actions') may cover:

- (a) activities that aim to increase interoperability and interchangeability, including the cross certification of defence products and activities leading to mutual recognition of certification or to facilitate the implementation of military standards, ***and that aim to reduce the variety of defence products across the Union fulfilling similar operational duties;***
- (b) activities to strengthen security of supply and resilience, in particular by facilitating the access to the defence market for SMEs, small mid-caps, other mid-caps and start-ups and support to obtain the necessary quality and production certifications;
- (c) the training, reskilling or upskilling of personnel in relation to the activities referred to in this Article;
- (d) the procurement of physical and cyber protection systems in relation to the activities referred to in ***Article 13***, including effective engagement, ***as well as other activities incorporating a comprehensive cybersecurity strategy to protect against cyber threats and ensure the resilience of the defence systems;***
- (da) ***the development and integration of software solutions in relation to the activities referred to in Article 12, including applications for command and***

*control, reconnaissance, threats detection, counter-unmanned aerial system (C-UAS), and other countermeasure technologies, to enhance the operational effectiveness and resilience of defence systems;*

- (e) coordination and (technical) support actions, in particular addressing identified bottlenecks in production capacities and supply chains with a view to securing and accelerating the production of crisis-relevant products in order to ensure their effective supply and timely availability;*
- (f) Union support to Structures for European Armament Programme notably for the purpose of managing and maintaining a Defence Industrial Readiness Pool as referred to in Article 21g;*
- (g) emergency activities, including emergency defence innovation where the measure referred to in Article 52 is activated.*



#### *Article 16*

#### **Award criteria**

**-1. *Proposals for actions shall be assessed in light of the objectives of White Paper for European Defence, the EDIS, the Strategic Compass for Security and Defence, and shall prioritise the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular in the context of the Capability Development Plan.***

1. Each proposal shall be assessed on the basis of the following criteria:

- (a) defence industrial readiness: contribution to competitiveness, increase production capacities, reduce lead times, eliminate bottlenecks thereby increasing interoperability and interchangeability of the European armed forces capabilities and, where applicable, within NATO;*
- (aa) defence industrial sovereignty: contribution to the strategic autonomy of the Union through strengthening the autonomy and non-dependency on non-associated country sources for the EDTIB;*

- (b) defence industrial resilience: contribution to resilience, *increased* timely availability and supply to all locations, *improving the geographical distribution of manufacturing and stockpiling capacities, in particular in Union areas most directly suffering from capability gaps, needs and shortages, preventing overconcentration of activities in a limited number of Member States, and* strengthening security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats **■** ;
- (c) defence industrial cooperation: fostering genuine armament cooperation among Member States *and* associated countries **■** and development and operationalisation of cross-border cooperation between undertakings established in different Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain;
- (d) the quality of the implementation plan of the action, in particular measures to respect delivery lead times, including in terms of its processes and monitoring.

**1a.** *In addition to the criteria set out in paragraph 1, proposals for common procurement actions referred to in Article 12, shall be evaluated based on the following criteria:*

- (a) *the participation of SMEs and mid-caps;*
- (b) *the action's contribution to the adaptation, modernisation and development of the EDTIB;*
- (c) *the number of participating Member States or associated countries;*

**1b.** *In addition to the criteria set out in paragraph 1 of this Article, proposals for industrial reinforcement actions referred to in Article 13 shall be evaluated based on the following criteria:*

- (a) *reduction of lead production time and increase in production capacity in the Union, reserved capacity, and workforce skilled;*

- (b) *contribution to ensuring availability and security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats;*
- (c) *contribution to cross-border defence industrial cooperation throughout the Union, improving the inclusion of SMEs and mid-caps or link with orders stemming from common procurement of defence products by at least four Member States or associated countries.*

2. The work programme shall lay down further details concerning the application of the award criteria laid down in paragraph 1, including any weighting to be applied. The work programme shall not set individual thresholds.

*Article 17*

**Union financial contribution**

1. By way of derogation from Article 190 of the *Financial* Regulation, the Programme may finance up to 100 % of the eligible costs. █
2. An action shall be eligible for an increased funding rate where it fulfils one or more of the following criteria:
  - (a) the action is developed in the context of a Structure for European Armament Programme SEAP, as referred to in Chapter III of this Regulation or in the context of a project of PESCO, provided that this project complies with obligations comparable to those under Article 22(1), 23(1), 25 and 26 of this Regulation and that it did not benefit from a comparable increased funding rate in another EU funding programme;
  - █
  - (c) Member States agree on a common approach to exports for defence products developed and procured in the context of a Structure for European Armament Programme (SEAP);
  - (ca) *Member States adopt a joint, harmonised and mutually recognised certification scheme for defence products in the context of a Structure for European Armament Programme (SEAP);*

- (d) the beneficiary is an SME or small mid-cap or the majority of beneficiaries participating in a consortium are SMEs or small mid-caps.
  - (da) the action is carried out by a large consortium of eligible entities which are established in different Member States or associated countries, ensuring a wider geographical participation;*
  - (db) the cost of components originating in the Union or associated countries exceeds the threshold set out in Article 11(2a) by 10 percent.*
- 2a. *For activities referred to in Article 13 the support from the Programme shall not exceed 35 % of the eligible costs.*
- 2b. *By way of derogation from paragraph 2a of this Article, the Union financial contribution to each action referred to in Article 13 may amount to up to 50% of the eligible costs provided that the beneficiary of the action is an SME, a mid-cap or a consortium of SMEs or mid-caps, and that at least one of the following conditions is met:*
- (a) the beneficiary demonstrates a contribution to the creation of new cross-border cooperation between entities established in Member States or associated countries;*
  - (b) the action involves building new infrastructure, facilities or production lines from the ground up or on sites not previously used for such activities, in regions of the Union where the EDTIB is not present, contributing to the development of supply chains and technology transfer throughout the Union;*
  - (c) the action contributes to the establishment of new or the ramping-up of existing manufacturing capacities of crisis-relevant products.*
3. The work programme shall lay down further details, including, where relevant, the increased funding rates referred to in paragraph 2.
- 3a. *The Union contribution through the financial envelope defined in Article 5(1) shall support:*
- (a) common procurement actions pursuant to Article 12 with at least 15% and no more than 25%;*

- (b) *industrial reinforcement actions pursuant to Article 13 with at least 25% and no more than 40%;*
- (c) *European Defence Projects of Common Interest with no more than 45%;*
- (d) *the establishment of FAST, as referred to in Article 19, with a budget of 225 million euros.*

## *Article 18*

### **Work programmes**

1. The Programme shall be implemented by work programmes as referred to in Article 110 of the *Financial* Regulation. *Work programmes may be multiannual, when appropriate.* Work programmes shall set out the actions and associated budget required to meet the objectives of the Programme and, where applicable, the overall amount reserved for blending operations.
  - 1a. *By way of derogation from Article 18(1) of this Regulation, projects that have been selected for the reserve list of Regulation (EU) 2023/2418 shall be considered instantly for award with regard to eligibility criteria of this Regulation. By way of derogation from Article [defining the funding rate for common procurement], these projects may collectively be funded with a total amount of up to 6% from the budget laid out in Article 5(1), point (a), taking into account the provisions for additional funding rates as laid out in Article 17(2) for the definition of the actual funding rate.*
2. The Commission shall adopt work programmes by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).
  - 2-a. *The Commission shall adopt delegated acts in accordance with Article 56a concerning work programmes to set out the funding of actions related to European Defence Projects of Common Interest. A separate delegated act shall be adopted for each action.*
  - 2a. *The work programme shall include in particular:*
    - (a) *the overall amount of the Union contribution to each type of action referred to in Article 11, in line with Article 17(3a);*

- (b) *a description of the action;*
  - (c) *for actions referred to in Article 13, the maximum number of legal entities forming part of the consortium, which shall not exceed 15 legal entities;*
  - (d) *the procedure for the evaluation and selection of proposals, including, where relevant, a description of the milestones, designed in such a way as to mark substantial progress in the implementation of actions, the results to be achieved and the associated amounts to be disbursed, as well as the arrangements for the verification of the milestones, the fulfilment of conditions and the achievement of results;*
  - (e) *the methods for determining and, where applicable, adjusting the funding.*
- 2b. *Industrial reinforcement actions which also generate strategic added value for the defence of the Union in cases of materialisation of conventional military threats, in particular stockpiling, shall be promoted in locations facing a higher exposure to the risk of materialisation of such conventional military threats.*
- 2c. *The Commission shall take into account the coherence between different relevant instruments.*

#### *Article 19*

#### **Fund to Accelerate defence Supply chains Transformation (FAST)**

1. In order to leverage, de-risk and speed-up investments needed to increase the defence manufacturing capacities of SMEs and small mid-caps, a blending operation offering debt and/or equity support *shall* be established (Fund to Accelerate defence Supply-chains' Transformation (FAST). It shall be implemented in accordance with Title X of the *Financial* Regulation **■** .
- 1a. *The Commission shall develop a competitive bidding framework for FAST.*
2. The specific objectives pursued by the FAST shall be the following:
    - (a) achieve a satisfactory multiplier effect in line with the debt and equity mix and contributing to attracting both public and private-sector financing;
    - (b) provide support to SMEs (including start-ups and scale-ups) and small midcaps across the Union, which are facing difficulties in accessing finance and which:

- (i) industrialise defence technologies and/or manufacture defence products or have imminent plans to *do* so; or
- (ii) are part of the defence industry's supply chain or have imminent plans to become part it.
- (c) accelerate investment in the field of manufacturing defence technologies and products, and therefore strengthen the security of supply of the Union's defence industry value chains.

## **CHAPTER IIA**

### *The Ukraine Support Instrument*

#### **SECTION 1 - GENERAL PROVISIONS TO THE UKRAINE SUPPORT INSTRUMENT**

##### *Article 19a*

##### **Objectives**

1. *The Ukraine Support Instrument shall contribute to the recovery, reconstruction and modernisation of the Ukrainian DTIB and aim to increase the readiness and competitiveness of the Ukrainian DTIB and to support Ukraine in manufacturing most critical capacities in quantities needed to respond to current military threats against its sovereignty and territorial integrity, in particular through:*
  - (a) *scaling-up direct investment into Ukraine industrial defence capacities, creating new or adapting or ramping-up new manufacturing capacities in Ukraine, and licensing production cooperation through public-private partnerships or other forms of cooperation, such as joint ventures;*
  - (b) *increasing procurement of defence capacities produced in Ukraine, particularly by applying the “Danish model”;*
  - (c) *increasing cooperation on common procurement of defence products in accordance with Ukraine's military needs;*
  - (d) *enhancing cross-border cooperation between the EDTIB and the Ukrainian DTIB, including by providing technical assistance and incentivizing exchanges of personnel and best practices;*

- (e) *supporting the protection of Ukraine DTIB's assets;*
- (f) *supporting Ukraine in its progressive alignment with Union rules, standards, policies and practices ('acquis') with a view to future Union membership.*

#### *Article 19b*

##### *Budget*

*1 The budget for the implementation the Ukraine Support Instrument for actions reinforcing the Ukrainian DTIB shall be composed of at least EUR 5 000 million in additional contributions provided by the Member States in accordance with the second subparagraph of this paragraph and Article 19c to the extent earmarked, subject to the conclusion of the agreement referred to in Article 59.*

*The Member States contributions under the first paragraph of this paragraph may originate from the use of financial assistance received under the Security Action for Europe (SAFE) through the reinforcement of European defence industry instrument (the 'SAFE instrument'), established by Proposed Council Regulation (EU) XXXX/XXXX [COM(2025)0122], or from any other national source.*

*1a. In order to respond to unforeseen situations or to new developments and needs, the Commission may reallocate the amount allocated to actions referred to in paragraph 1 of Article 5 and in paragraph 1 of this Article, by a maximum of 20 %, except for the additional financial resources as referred to in Article 19c(2), which shall not be reallocated.*

*2. The amount referred to in paragraphs 1 of this Article and the amounts of additional contributions referred to in Article 19c may also be used for technical and administrative assistance to Ukrainian authorities for actions supporting the implementation of the Ukraine Support Instrument, such as preparatory, monitoring, control, audit and evaluation activities, including price investigations and corporate information technology systems and platforms, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the Instrument/other elements of the subject matter.*

3. *In addition to Article 12(4) of the Financial Regulation, unused commitment and payment appropriations shall be automatically carried over and may be committed and used, respectively, until 31 December of the following financial year. The amount carried over shall be used first in the following financial year. The Commission shall inform the European Parliament and the Council of commitment appropriations carried over in accordance with Article 12(6) of the Financial Regulation.*
4. *In addition to Article 15 of the Financial Regulation, commitment appropriations corresponding to the amount of recoveries and of decommitments shall be made available again to the Programme or the Ukraine Support Instrument or their successors in the context of the budgetary procedure.*
5. *Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.*
6. *Appropriations may be entered in the Union budget beyond 2027 to cover the expenses necessary to fulfil the objectives set out in Article 4, to enable the management of actions not completed by the end of the Ukraine Support Instrument, as well as expenses covering critical operational activities and services.*

#### *Article 19c*

##### *Additional financial resources*

1. *Member States, European Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties, may provide additional financial contributions to the Ukraine Support Instrument in accordance with Article 208(2) of the Financial Regulation. Such financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of the Financial Regulation.*
- 1a. *With the aim of reaching the amount of at least EUR 5 000 million referred to in Article 19b(1), the Member States may contribute to the Ukraine Support Instrument in the form of additional financial contributions referred to in paragraph 1 of this Article pro rata to the relative share of each contributing Member State in the gross*

*national income of the Union. The Commission shall conclude agreements with the contributing Member States setting out the payment conditions.*

- 2. Any additional amounts received under the relevant Union restrictive measures shall be external assigned revenue within the meaning of Article 21(5) of the Financial Regulation and shall be used for actions under the Ukraine Support Instrument, including for actions reinforcing the Ukrainian DTIB.*
- 2a. The Commission shall report annually to the European Parliament and to the Council on the implementation of contributions under Article 19b, including the amount received from each Member State, and its allocation to each Instrument objectives.*

#### *Article 19d*

##### *Alternative, combined and cumulative funding*

- 1. The Ukraine Support Instrument shall be implemented in synergy with other Union programmes. An action that has received a contribution from another Union programme may also receive a contribution under the Ukraine Support Instrument, provided that the contribution does not cover the same costs. The rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules of any of the contributing Union programmes may be applied to all contributions and a single legal commitment may be concluded. The cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.*
- 2. In order to be awarded a Seal of Excellence under the Ukraine Support Instrument, actions shall comply with all of the following conditions:*
  - (a) they have been assessed in a call for proposals under the Ukraine Support Instrument;*
  - (b) they comply with the minimum quality requirements of that call for proposals under the Ukraine Support Instrument;*

- (c) *they are not financed under that call for proposals due to budgetary constraints.*

## Article 20

### *Implementation and forms of Union funding*

1. *The Ukraine Support Instrument shall be implemented under direct management in accordance with the Financial Regulation or under indirect management with bodies referred to in Article 62(1), point (c), of the Financial Regulation.*
2. *Except for blending operations, Union funding may be provided in any of the forms laid down in the Financial Regulation in accordance with Title X of the Financial Regulation.*
3. *By way of derogation from Article 192(2) of the Financial Regulation, activities referred to in Article 13(-1), point (d), for which Union funding is provided in the form of a grant under the Ukraine Support Instrument and profit is made, the Commission may recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary carrying out the action, up to the final amount of the Union contribution. The profit is calculated by a surplus of receipts over the eligible costs of the action, where receipts are limited to Union funding, Member State funding, including procurement, other revenue generated during the action and any revenue resulting from the action. The work programme may set out further details.*
4. *Financial contributions may, where relevant and necessary for the implementation of an action, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions, provided that those actions did not start before ... [date of entry into force of this Regulation] and have not been completed before the signature of the grant agreement. Such financial contributions shall be awarded on the condition that they comply with the criteria set out in Article 196(2) of the Financial Regulation.*

Article 21

**Eligible legal entities**

1. The eligibility criteria set out in paragraphs 2 to 7 *of this Article* shall apply in addition to the criteria set out in accordance with *the Financial Regulation*.
2. Recipients of Union funding shall be established in the Union or in Ukraine *and their executive management structures shall be in the Union or in Ukraine. Legal entities established in the non-government-controlled areas of Ukraine shall not be eligible for support under this Regulation until such areas are fully retaken by Ukraine.*
3. The infrastructure, facilities, assets and resources of the recipients *involved in an action* which are used for the purposes of the action shall be located on the territory of a Member State or of Ukraine *for the entire duration of the action.*
- 3a. *By way of derogation from paragraph 3 of this Article, where* recipients have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in Ukraine, they may use their infrastructure, facilities, assets and resources which are located or held outside the territory of the Member States or of Ukraine, provided that such use does not contravene the security and defence interests of the Union and the Member States and is consistent with the objectives set out in Article 19b. *The costs related to activities using such infrastructure, facilities, assets or resources shall not be eligible for support from the Programme.*
4. *Recipients of Union funding under the Programme* shall not be subject to control by a third country or by a third-country entity *other than Ukraine.*
5. By way of derogation from paragraph 4, a legal entity established in the Union and controlled by a third country or a third-country entity *other than Ukraine* shall be eligible to be a recipient if guarantees approved by the Member State in which it is established *or by Ukraine*, in accordance with its national procedures, are made available to the Commission.

The guarantees shall provide assurances that the involvement in an action of such a legal entity would not contravene the security and defence interests of the Union and its Member States as established in the framework of the CFSP pursuant to Title V of the Treaty on European Union (TEU), or the objectives set out in Article 4 *of this*

**Regulation.** The guarantees shall also comply with Article 11(2), point (c). The guarantees shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

- (a) control over the legal entity is not exercised in a manner that restrains or restricts its ability to carry out the action and to deliver results, that imposes restrictions concerning its infrastructure, facilities, assets, resources, intellectual property or knowhow needed for the purposes of the action, or that undermines its capabilities and standards necessary to carry out the action;
- (b) access by a third country or by a third-country entity to sensitive information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State, where appropriate;

If considered to be appropriate by the Member State in which the legal entity is established, additional guarantees may be provided.

The Commission shall inform the committee referred to in Article 58 of any legal entity considered to be eligible in accordance with this paragraph, *as well as of any concern regarding a possible lack of compliance with the conditions set out in this paragraph.*

**5a.** *The Commission shall make available to Member States and Ukraine a standardised template for the provision of guarantees as referred to in paragraph 5.*

- 6. When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of Ukraine, or controlled by a third country or by a third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article 11(2), point (c).

There shall be no unauthorised access by a third country, or other third-country entity to classified information relating to the carrying out of the action and potential

negative effects over security of supply of inputs critical to the action shall be avoided.

The costs related to those activities shall not be eligible for support from the Programme.

7. Paragraphs 2 to 6 shall not apply to:
- (a) contracting authorities of Member States and Ukraine;
  - (b) International Organisations;
  - (c) The Structures for European Armament Programme;
  - (d) The European Defence Agency.

*Article 21a*

*Eligible actions*

- 1. *Actions eligible for funding under the Ukraine Support Instrument shall implement the objectives set out in Article 4 and may take one of the following forms, or a combination thereof:***
- (a) *common procurement actions as referred to in Article 12, including for the establishment and maintenance of Defence Industrial Readiness Pools as referred to in Article 21g;***
  - (b) *industrial reinforcement actions as referred to in Article 13;***
  - (c) *supporting actions as referred to in Article 13a.***
- 1a. *The following actions shall not be eligible for funding under the Ukraine Support Instrument:***
- (a) *actions related to goods and services which are prohibited by applicable international law;***
  - (b) *actions related to lethal autonomous weapons without the possibility of meaningful human control over selection and engagement decisions when carrying out strikes against humans.***
  - (c) *actions related to goods or services which are subject to control or restriction by third countries other than Ukraine or by third-country entities other than***

*Ukrainian ones, directly, or indirectly through one or more intermediate legal entities, including in terms of technology transfer;*

- (ca) actions related to defence products for which the design authority, as defined in Article 2, is not an eligible entity as set forth in Article 21(2);*
  - (d) actions or parts thereof, that are already fully financed from other public or private sources;*
  - (da) actions which include sourcing from third countries other than Ukraine that contravene the security and defence interests of the Union or its Member States or of Ukraine, including respect for the principle of good neighbourly relations.*
- 3. The cost of components originating in the Union or in Ukraine shall not be lower than 70 % of the estimated value of the end product.*
  - 4. Actions eligible for funding under the Ukraine Support Instrument shall be carried out by or with at least Ukraine or one legal entity established and having its executive management structure in Ukraine.*
  - 5. References to Member States in Articles 12, 13, 13a and 13b shall be understood to include Ukraine for the purpose of this chapter. References to associated countries in Articles 12, 13, 13a and 13b shall not apply to this Chapter. For the purposes of this chapter, references to Article 10 contained in Article 12 shall be understood to refer to Article 21.*

#### *Article 21b*

##### *Award criteria*

- 1. Proposals shall be assessed in the light of the objectives set for the action, as referred to in Article 19a, the expected results and the quality and efficiency of the implementation.*
- 2. In addition to the criteria set out in paragraph 1, proposals for common procurement actions of the Ukraine Support Instrument referred to in Article 12 may be evaluated based on one or more of the following criteria:*
  - (a) the estimated value of the common procurement;*

- (b) contribution to recovery, reconstruction and modernisation of the Ukraine DTIB;*
  - (c) contribution to the acceleration of the procurement and the reduction of the production and delivery lead times of defence products for Ukraine.*
- 3. In addition to the criteria set out in paragraph 1, proposals for industrial reinforcement actions of the Ukraine Support Instrument referred to in Article 13 may be evaluated based on one or more of the following criteria:*
  - (a) reduction of production lead time and increase in production capacity in Ukraine;*
  - (b) contribution to ensuring timely availability and supply of defence products throughout Ukraine;*
  - (c) contribution to cross-border defence industrial cooperation between Ukraine and the Union.*
- 4. Proposals for actions shall take into account the future integration for Ukrainians DTIB into the EDTIB, thereby contributing to mutual stability, security, peace, prosperity and sustainability.*
- 5. The work programme shall lay down further details concerning the application of the award criteria laid down in paragraph 1, including any weighting to be applied. The work programme shall not set individual thresholds.*

#### *Article 21c*

##### *Work programmes*

- 1. The Ukraine Support Instrument shall be implemented by work programmes as referred to in Article 110 of the Financial Regulation. Work programmes may be multiannual, when appropriate. Work programmes shall set out the actions and associated budget required to meet the objectives of the Ukraine Support Instrument.*
  - 1a. The work programmes of the Ukraine Support Instrument shall be developed in close cooperation with representatives of Ukraine and targeted to support both the EDTIB and the Ukrainian DTIB in fulfilling Ukraine's capability needs.*

2. *The Commission shall adopt work programmes by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).*
3. *The Commission shall take into account the coherence between different relevant instruments.*
4. *The conditions included in Article 18(2a) for the work programmes of the Programme shall apply to the work programmes of the Ukraine Support Instrument, mutatis mutanda.*

#### *Article 21d*

##### *Union financial contribution*

1. *Whenever the Union contribution takes the form of grants, pursuant to Article 193(3) of the Financial Regulation, the Ukraine Support Instrument may finance up to 100 % of the eligible costs for actions referred to in Article 21a(1), points (b) and (c).*
2. *Where the Union grant takes the form of financing not linked to costs, the level of Union contribution to each action may be based on factors such as:*
  - (a) *the degree of complexity of the common procurement, for which a proportion of the estimated value of the action and the experience gained in similar actions may serve as an initial proxy;*
  - (b) *the contribution of the action to improving interoperability outcomes and long-term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;*
  - (c) *the contribution of the action to the ramp-up of necessary manufacturing capacities in Ukraine;*
  - (d) *the complexity for Ukraine to progress with the accession process, including structural reforms and measures to promote convergence with Union rules, standards, policies and practices;*

- (e) *the degree of complexity for Ukraine to adapt its defence procurement processes and the environment of the Ukrainian defence industry, including to meet NATO and other relevant standards;*
  - (f) *the efforts and risks associated with Russia's war of aggression against Ukraine, taking into account the need to rebuild and modernise infrastructure damaged by that war in a resilient way and the need to avoid, prevent or reduce and, if possible, offset such damages.*
3. *Only actions referred to in Article 12 shall be funded by way of grants taking the form of financing not linked to costs, pursuant to Article 183(3) of the Financial Regulation, and the support from the Ukraine Support Instrument shall not exceed 25 % of the estimated value of the common procurement contract.*

### *Chapter IIb - European Defence Projects of Common Interest*

#### *Article 21da*

##### *Activities contributing to European Defence Projects of Common Interest*

- 1. *European Defence Projects of Common Interest shall consist of collaborative industrial projects aimed at reinforcing the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States' military capabilities and systems of common interest and/or use, including those securing access to all operational domains.*
1. *The Council, acting upon proposal of the Commission shall adopt implementing acts identifying an European Defence Project of Common Interest by qualified majority.*
2. *The Commission shall adopt delegated acts in accordance with Article 56a concerning work programmes with regard to setting out the funding of actions related to European Defence Projects of Common Interest via delegated acts.2a.*
- Ukraine shall be allowed to participate in the European Defence Projects of Common Interest.*
3. *European Defence Projects of Common Interest shall meet the following general criteria:*

- (-a) the project contributes to the defence capabilities critical for the security and defence interests of the Union and therefore is in the European public interest;***
  - (a) the project aims at developing capabilities, including those securing access to strategic domains and contested spaces, strategic enablers, and, as appropriate, systems acting as European defence infrastructure of common interest and use;***
  - (aa) the project improves the interoperability and interchangeability of defence products, facilitates the implementation of military standards, and significantly contributes to market integration and consolidation by reducing the variability of defence products across the Union addressing similar operational needs;***
  - (ab) the benefits of the project extend to a wider part of the Union and ensures a broad geographical participation;***
  - (ac) the projects shall be particularly significant in size or scope and aim at mitigating a considerable level of technological or financial risk;***
  - (b) the potential overall benefits of the project outweigh its costs, including in the longer term.***
4. A European Defence Project of Common Interest shall involve at least ***six Member States or at least four Member States that face high exposure to the risk of materialisation of conventional military threats. All Member States and associated countries shall be given a genuine opportunity to participate in a project.*** The Commission shall be able, where relevant, to participate in the project.
- 4a. By way of derogation from paragraph 3, a European Defence Project of Common Interest may address the development or acquisition of capabilities for the European Union and its institutions and agencies. In such a case, the Project shall be deemed to involve all Member States.***
5. A European Defence Project of Common Interest may be established in the framework of Structures for European Armament Programmes referred to in Chapter 3.

6. Member States may, without prejudice to Articles 107 and 108 TFEU, apply support schemes and provide for administrative support to European Defence Projects of Common Interest.
8. The deployment of European Defence Projects of Common Interest may be considered an imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Directive 92/43/EEC and of overriding public interest within the meaning of Article 4(7) of Directive 2000/60. Therefore, the planning, construction and operation of related production facilities may be considered of overriding public interest, provided that the remaining other conditions set out in these provisions are fulfilled.

### ***Chapter IIc - European Military Sales Mechanism***

#### ***Article 21e***

#### **European Military Sales Mechanism**

1. To ensure the availability of EU defence products in time and in volume thereby fostering the competitiveness of the EDTIB as well as, where relevant, of the Ukrainian DTIB, the Commission shall ***establish a Military Sales Mechanism (MSM), which shall consist of*** the following set of measures (EU MSM):
  - (a) the establishment of a single, centralised, up to date catalogue of defence products ***and services*** developed by the EDTIB ***in order to bolster an EU-wide aggregated demand;***
  - (b) the creation of a defence industrial readiness pool, to increase availability and speed up delivery time of EU-made defence products, ensuring an immediate and preferential purchase or use/lease option for Member States, associated countries and Ukraine;
  - (c) the facilitation and speeding up of procurement procedures in a spirit of solidarity ***including by the creation of a framework for procurement associated with the catalogue referred to in point (a);***
  - (d) the support to administrative capacity building related to public procurement of defence products, with the aim of facilitating joint procurement.

## *Article 21f*

### *European Military Sales Catalogue*

- 1. The Commission, upon consultation of European Defence Agency, shall establish and keep up-to-date a single, centralised catalogue of defence products developed by the EDTIB and the Ukrainian DTIB ('catalogue'). The Commission shall consult the European Defence Agency and take into account its views in drawing up the technical specifications for and, where appropriate, procure the corporate IT platform required to establish the catalogue. Member States, Ukraine and economic operator shall be invited to populate such a catalogue on a voluntary basis.*
- 2. The products present in this catalogue shall respect the eligibility criteria laid down under this Regulation.*

## *Article 21g*

### *Defence Industrial Readiness Pools*

- 1. To ensure the availability of EU defence products, components of defence products, as well as raw materials necessary for their production, in time and in volume, the European Defence Agency shall establish, manage and maintain defence industrial readiness pools, ensuring an immediate and preferential purchase or use/lease option for Member States, associated countries and Ukraine;*
- 2. The ownership of defence products, components of defence products and raw materials building-up the Defence industrial readiness pools shall lay with Member States contributing through in-kind contributions;*
3. Where Member States jointly procure additional quantities or contribute through in-kind contributions to build up a defence industrial readiness pool as referred to in paragraph 2, point (b), in the context of a Structure for European Armament Programme, the Commission shall financially support the initiative through:
  - (a) support to common procurement of additional quantities as referred to in Article 12(-1);

- (b) contribution to the direct and indirect costs of managing and maintaining the Defence Industrial Readiness Pool as referred to in Article 13a(5), point (f);
  - (c) contribution to administrative capacity building as referred to in Article 13a(5).
4. For the purpose of Member States, associated countries or Ukraine buying from the defence industrial readiness pool managed by a Structure for European Armament Programme, the procurement shall be considered as a government-to-government contract as referred to in Article 13, point (f) of Directive 2009/81/EC.

### **Chapter III**

#### **Structure for European Armament Programme**

##### *Article 22*

##### **Specific objective and activities of SEAP**

1. A Structure for European Armament Programme (SEAP) shall foster the competitiveness of the EDTIB and of the Ukrainian DTIB by aggregating the demand for defence products throughout their lifecycle.
2. To reach the objective referred to in paragraph 1, the principal tasks of a SEAP shall be:
  - (a) the common procurement of defence products, technologies or services, including defence R&D, testing and certification, non-recurrent investments related to initial production or in-service support;
  - (b) the joint life-cycle management of defence products, including the procurement of spare parts, logistic services, *repair and maintenance activities*, and, where appropriate, establishment of public private partnerships to ensure efficiency and high availability of defence products;
  - (c) the dynamic availability management for additional quantities, ensuring an immediate and preferential purchase or use/lease option for Member States, associated countries or Ukraine (Defence Industrial Readiness Pool).
3. *A SEAP may entrust, by way of a delegation agreements, one or several of the eligible entities referred to in Article 12(1) with carrying out one or several of the*

*tasks referred to in paragraph 2 of this Article. The SEAP shall be responsible for ensuring that its obligations under Union law, and in particular under this Regulation, are met.*

#### Article 23

##### **Requirements relating to the establishment of a SEAP**

1. A SEAP shall meet the following requirements:
  - (a) a SEAP shall support the collaborative development and/or procurement of defence products and services in line with the capability priorities commonly agreed by Member States within the framework of the CFSP, including in the context of the Capability Development Plan, *the White Paper for European Defence, and the Defence Investment Gaps Analysis and Way Forward*;
  - (b) a SEAP shall be established by at least three countries, *including Member States, associated countries* or Ukraine.
  - (c) a SEAP shall have as members at least two Member States;
  - (d) a SEAP shall continue the lifecycle of the defence product or technology, until its decommissioning.
2. A SEAP shall use standardised procedures for initiating and managing cooperative defence programmes and shall respect any guidance or templates provided to it by the Commission, including guidelines on project management, funding, and reporting.

#### Article 24

##### **Application for the establishment of a SEAP**

1. The Member States applying for the setting-up of a SEAP (as the 'applicants') shall submit an application to the Commission. The application shall contain the following:
  - (a) a request to the Commission to set up the SEAP;
  - (b) the proposed Statutes of the SEAP referred to in Article 27, signed and adopted in due form by all legal entities that are applicants to the proposed SEAP;

- (c) a description of the defence equipment, technology or service to be jointly procured and managed by the SEAP, addressing in particular the requirements set out in Article 23(1), point (a) and (d);
  - (d) a declaration by the host Member State recognising the SEAP as an international body within the meaning of Articles 143(1)(g) and 151(1)(b) of Directive 2006/112/EC and as international organisation within the meaning of Article 11(1) of Directive (EU) 2020/262, as of its setting up. The limits and conditions of the exemptions provided for in these provisions shall be laid down in an agreement between the members of the SEAP.
2. The Commission, ***together with the European Defence Agency***, shall assess the application in line with the requirements laid down in this Regulation. The result of such assessment shall be communicated to the applicants who shall, if necessary, be invited to complete or amend the application.
3. The Commission shall, taking into account the results of the assessment referred to in paragraph 2 and in accordance with the procedure referred to in Article 58(3), adopt an implementing act:
- (a) setting up the SEAP after it has satisfied itself that the requirements laid down in this Regulation are met; or
  - (b) ***request to modify*** the application if it concludes that the requirements laid down in this Regulation are not met, including in the absence of the declaration referred to in paragraph (1), point (d), ***and provide a detailed explanation on the required modifications in order to allow the SEAP to be accepted.***
4. The decision on the application shall be notified to the applicants. In the case of a rejection, the decision shall be explained in clear and precise terms to the applicants.
5. The decision setting up the SEAP shall be published in the L series of the *Official Journal of the European Union*.

#### *Article 25*

#### **Status and seat of a SEAP**

1. A SEAP shall have legal personality as from the date on which the decision setting up the SEAP takes effect.

2. A SEAP shall have in each Member State the most extensive legal capacity accorded to legal entities under the law of that Member State. It may, in particular conclude contracts and be a party to legal proceedings. All Member State national funding agencies shall consider it (and its national nodes) an eligible recipient of national financial contributions.
3. A SEAP shall have a statutory seat, which shall be located on the territory of a Member State.

#### *Article 26*

#### **Requirements for membership**

1. The following legal entities may become members of a SEAP:
  - (a) Member States;
  - (b) associated countries;
  - (c) Ukraine,
  - (d) *the Commission, as an observer, upon invitation from the members of the SEAP.*
2. Member States, associated countries or Ukraine may join as members at any time after the establishment of the SEAP on fair and reasonable terms specified in the Statutes referred to in Article 27 and as observers without voting rights on conditions specified in the Statutes.
3. A SEAP may also cooperate with non-associated third countries or non-associated third country entities, including by using the assets, infrastructure, facilities and resources, provided that this does not contravene the security and defence interests of the Union and its Member States.

#### *Article 27*

#### **Statutes**

1. The Statutes of a SEAP shall contain at least the following:
  - (a) a list of members, observers and, where applicable, of legal entities representing members and the conditions of and the procedure for changes in membership and representation in compliance with Article 26;

- (b) the specific objective, the tasks and activities of the SEAP, in compliance with Article 23;
  - (c) a list of the jointly procured defence equipment, technology and/or services which are to be jointly owned, if any, and eligible for an exemption from VAT and/or Excise Duties;
  - (d) the statutory seat of the SEAP in compliance with Article 25;
  - (e) the name of the SEAP;
  - (f) the duration, and the procedure for the winding-up of the SEAP in compliance with Article 32;
  - (g) the liability regime, in compliance with Article 30;
  - (h) the rights and obligations of the members, including the obligation to make contributions to a balanced budget and voting rights;
  - (i) the bodies of the members, their roles and responsibilities and the manner in which they are constituted and in which they decide, including upon the amendment of the Statutes, in compliance with Articles 28,
  - (j) the identification of the working language(s) of the SEAP;
  - (k) references to rules implementing the Statutes;
  - (l) the security policy for handling classified information.
2. In addition, where the members of a SEAP decide to use/manage a Defence Industrial Readiness Pool referred to in Article 14(1), point (b), the statutes shall include the rules governing the management of a Defence Industrial Readiness Pool referred to in Article 21g, including, where relevant, a common approach to export.

#### *Article 28*

#### **Amendment of the Statutes**

1. Any amendment of the Statutes concerning the matters referred to in Article 27(1), points (a) to (h), shall be submitted to the Commission by the SEAP for approval. The Commission shall apply Articles 24(2), *mutatis mutandis*.

2. Any amendment of the Statutes other than that referred to in paragraph 1 shall be submitted to the Commission *and the European Defence Agency* by the SEAP within 10 days after its adoption.
3. The Commission *in liaison with the European Defence Agency* may raise an objection to amendments referred to in paragraph 1 within 60 days from the submission giving reasons why the amendment does not meet the requirements of this Regulation.
4. The amendment shall not take effect before the period for objecting has expired or has been waived by the Commission or before an objection raised has been lifted.
5. The application for the amendment shall contain the following:
  - (a) the text of the amendment proposed or, where appropriate, the text of the amendment as adopted, including the date on which it enters into force;
  - (b) the amended consolidated version of the Statutes.

#### *Article 29*

#### **Specific conditions on procurement**

1. A SEAP may appoint a Procurement Agent which will act in its name.
2. When procuring for a SEAP, the Procurement Agent shall be bound by the same rules as the SEAP concerned.
3. Where it procures a defence product on its own behalf and in its own name, a SEAP shall be considered as an international organisation within the meaning of Article 12, point (c) of Directive 2009/81/EC. Where it procures a defence product on behalf of its members, a SEAP shall, by derogation to Article 10 of Directive 2009/81/EC, define its own rules in lines with the principles of transparency, non-discrimination and competition.
4. Procurements of a SEAP shall comply with the requirements set out in Article 12 paragraphs 3 to 6, *as well as with the objectives referred to in Article 22(1)*.

#### *Article 30*

#### **Liability and insurance**

1. A SEAP shall be liable for its debts.

2. The financial liability of the members for the debts of the SEAP shall be limited to their respective contributions provided to the SEAP. The members may specify in the Statutes that they will assume a fixed liability above their respective contributions or unlimited liability.
3. If the financial liability of the members is limited, the SEAP shall take appropriate insurance to cover the risks specific to the establishment and management of the capability.
4. The Union shall not be liable, including for any debt of the SEAP.

#### *Article 31*

#### **Applicable law and jurisdiction**

1. The setting-up and internal functioning of a SEAP shall be governed:
  - (a) by Union law, in particular this Regulation, and the implementing acts referred to in Article 24(3)(a);
  - (b) by the law of the State where the SEAP has its statutory seat in the case of matters not, or only partly, regulated by acts referred to in point (a);
  - (c) by the Statutes and their implementing rules.
2. The Court of Justice of the European Union shall have jurisdiction over litigation among the members in relation to the SEAP, between the members and the SEAP and over any litigation to which the Union is a party.
3. Union legislation on jurisdiction shall apply to disputes between a SEAP and third parties. In cases not covered by Union legislation, the law of the State where the SEAP has its statutory seat shall determine the competent jurisdiction for the resolution of such disputes.

#### *Article 32*

#### **Winding up and insolvency**

1. The Statutes shall determine the procedure to be applied in the case of winding-up of the SEAP following a decision of the assembly of members or in case the Commission repeals the implementing act establishing the SEAP, as referred to in

Article 33(6). Winding-up may include the transfer of activities to another legal entity.

2. Without undue delay after the adoption of a decision by the assembly of members to wind up the SEAP, and in any event within 10 days after such adoption, the SEAP shall notify the Commission thereof. The Commission shall publish an appropriate notice of the decision to wind-up in the C series of the *Official Journal of the European Union*.
3. Without undue delay after the closure of the winding-up procedure, and in any event within 10 days after such closure, the SEAP shall notify the Commission thereof. The Commission shall publish an appropriate notice of the closure in the C series of the *Official Journal of the European Union*. The SEAP shall cease to exist on the day of publication of the notice.
4. At any time, in the event that the SEAP is unable to pay its debts, it shall immediately notify the Commission thereof. The Commission shall publish an appropriate notice hereof in the C series of the *Official Journal of the European Union*.

### *Article 33*

#### **Reporting and control**

1. A SEAP shall produce an annual activity report, containing a technical description and a financial report of its activities referred to in Article 22. It shall be transmitted to the Commission within six months from the end of the financial year.
  - 1a. The Commission shall provide the European Parliament with an annual report about the activities of all active SEAPs.***
2. The Commission may provide recommendations to the SEAP regarding the matters covered in the annual activity report.
3. A SEAP and the Member States concerned shall inform the Commission of any circumstances which threaten to seriously jeopardise the achievement of the task of the SEAP or to hinder the SEAP from fulfilling the requirements laid down in this Regulation.

4. Where the Commission obtains indications that a SEAP is acting in serious breach of this Regulation, the implementing act establishing it, its statutes or other applicable law, it shall request explanations from the SEAP and/or its members.
5. Where the Commission concludes, after having given the SEAP and/or its members a reasonable time to provide their observations, that the SEAP is acting in serious breach of this Regulation, the implementing act establishing it, its statutes or other applicable law, it may propose remedial action to the SEAP and its members. *The Commission shall inform the Parliament and the Council about its findings and proposals for remedial action in due course.*
6. Where no remedial action is taken, the Commission may repeal the implementing act establishing the SEAP. The repealing act shall be published in the L series of the *Official Journal of the European Union*. The publication of the act shall trigger the winding-up of the SEAP.

## **Chapter IV**

### **Security of supply**

#### **SECTION 1**

#### **PREPAREDNESS**

##### *Article 34*

#### **Conditions to open framework agreements to other Member States**

1. Where at least two Member States enter into an agreement to commonly procure defence products and where the extreme urgency of the situation justifies it, the rules provided for in paragraphs 2 to 6 may be applied to framework agreements that do not include rules governing the possibility to substantially amend it so that its provisions may apply to contracting authorities/entities which are not originally party to the framework agreement.
2. By way of derogation from Article 29(2), second subparagraph, of Directive 2009/81/EC, a contracting authority/entity may modify an existing framework agreement with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, which has been concluded following one of the procedures provided for by Article 25 of that Directive so that its provisions may apply to

contracting authorities/entities which are not originally party to the framework agreement.

3. By way of derogation from Article 29(2), third subparagraph, of Directive 2009/81/EC, a contracting authority/entity may make substantial amendments to the quantities laid down in an existing framework agreement with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, insofar as that is strictly necessary for the application of paragraph 2 of this Article. Where quantities laid down in an existing framework agreement are substantially modified pursuant to this paragraph, any economic operator that meets the contracting authority's/entity's conditions initially laid down in the public procurement procedure for the framework agreement, including requirements for qualitative selection as referred to in Articles 39 to 46 of Directive 2009/81/EC, and which complies with the provisions laid out in Article 10, paragraphs 1 and 2, shall be given the opportunity to join that framework agreement. The contracting authority/entity shall open that possibility by means of an ad hoc notice published in the *Official Journal of the European Union*.
4. The principle of non-discrimination shall apply to contracts and framework agreements referred to in paragraphs 2 and 3 with regard to the additional quantities, and particularly to the relationships between contracting authorities/entities of Member States referred to in paragraph 1.
5. Contracting authorities which modified a contract in the cases referred to in paragraphs 2 and 3 of this Article shall publish a notice to that effect in the *Official Journal of the European Union*. Such notice shall be published in accordance with Article 32 of Directive 2009/81/EC.
6. Contracting authorities/entities may not use the possibility provided for in paragraph 2 and 3 improperly or in such a way as to prevent, restrict or distort competition.

#### *Article 35*

#### **Procurement of advance purchase agreements**

1. By derogation *from* Article 168 of the Financial Regulation, Member States, associated countries and, where relevant, Ukraine may request the Commission to ***negotiate and conclude advance purchasing agreements of defence products in the***

*name and on behalf of participating countries. Those agreements may include a prepayment mechanism for the production of such products in exchange for the right to the result, which shall not exceed the parts of the contract on non-recurrent costs and/or the reservation of manufacturing capacities.;*

2. The procurement procedure referred to in paragraph 1, shall comply with the following conditions:
  - (a) participation in launching the procurement procedure shall be open to all Member States, associated countries and Ukraine, by derogation from Article 168(2) and (3) of the Financial Regulation;
  - (b) the Commission invites at least 4 experts with relevant experience for the negotiations from participating countries with production capacities for the concerned defence product to form a joint negotiation team;
- 2a. *Where the agreements referred to in paragraph 1 of this Article include a prepayment mechanism, the up-front payment to the contractor shall be covered by the financial envelope referred to Article 5(1). Contributions of participating countries as referred to in Article 6 shall be taken into account in equal terms per item ordered by the participating countries.*
- 2b. *In cases where the negotiated amounts exceed demand, the Commission, at the request of the Member States concerned, shall elaborate a mechanism for reallocation to national stockpiles or building up of the defence industrial readiness pool as referred to in Article 21g.*
4. In order to enter into *advance* purchase agreements with economic operators, representatives of the Commission, or experts nominated by the Commission, may carry out on-site visits in cooperation with relevant national authorities at the locations of production facilities of relevant defence products.
6. The Commission shall ensure that participating countries are treated equally when carrying out the procurement procedures and when implementing the resulting agreements.
7. The use of procurement pursuant to paragraph 1 shall be without prejudice to other instruments provided for in the Financial Regulation.

8. In addition to the conditions set out in the Financial Regulation, eligibility criteria equivalent to those laid down in Article 10 of this Regulation shall apply, *mutatis mutandis*, to tenderers, contractors and subcontractors in contracts resulting from the procurement conducted pursuant to this Article.

*Article 36*

***Procurement for Ukraine***

1. ***By way of derogation from Article 168 of the Financial Regulation, together with at least one Member State, Ukraine may request the Commission to act as a central purchasing body to procure on its behalf or in its name defence products, as referred to in Article 168(3) of the Financial Regulation.***
- 1a. ***In order to enter into purchase agreements with economic operators, representatives of the Commission, or experts nominated by the Commission, may carry out on-site visits in cooperation with relevant national authorities at the locations of production facilities of relevant defence products.***

*Article 37*

***Facilitating off-take agreements***

1. The Commission shall set up a system to facilitate the conclusion of off-take agreements related to the industrial ramp-up of the EDTIB's manufacturing capacities as well as those of the Ukrainian DTIB, taking into account the opinion and advice of the Defence Industrial Readiness Board and in compliance with competition and procurement rules.
2. The system referred to in paragraph 1 shall allow interested Member States, associated countries and, where relevant, Ukraine to make bids indicating:
  - (a) the volume and quality of defence products they intend to purchase;
  - (b) the intended price or price range;
  - (c) the intended duration of the off-take agreement.
3. The system referred to in paragraph 1 shall allow manufacturers of defence products which comply with conditions laid out in Article 10 to make offers indicating:

- (a) the volume and quality of defence products for which they are seeking to conclude off-take agreements;
  - (b) the intended price or price range at which they are willing to sell;
  - (c) the intended duration of the off-take agreement.
4. Based on the bids and offers received pursuant to paragraph 2 and 3, the Commission shall bring relevant manufacturers of defence products in contact with interested Member States and associated countries as well as, where relevant, Ukraine.
5. On the basis of the contact referred to in paragraph 4, interested Member States and associated countries as well as, where relevant, Ukraine may request the Commission to engage in a joint procurement procedure or in a procurement procedure in their name and/or on their behalf pursuant Article 35.
6. The financial envelope referred to in Article 5(1) may cover the parts of the contract on non-recurrent costs and/or the reservation of manufacturing capacities.

#### *Article 38*

### **Acceleration of the permit-granting process for the timely availability and supply of relevant defence products**

1. Member States shall ensure that administrative applications related to the planning, construction and operation of production facilities, transfer of inputs within the Union as well as qualification and certification of end products are processed in an efficient and timely manner. To that end, all national authorities concerned shall ensure that the most rapid treatment legally possible is given to such applications.
2. Member States shall ensure that in the planning and permit-granting process, the construction and operation of plants and installations for the production of relevant defence products are given priority when balancing legal interests in the individual case concerned.

#### *Article 39*

### **Easing cross-certification process**

1. Member States shall adopt a list of national certification authorities for defence purposes and notify it to the Commission, which shall make it available to Member States.

2. The Commission shall, by the mean of implementing acts, draw and keep updated an official list of national certification authorities for defence purposes as identified by Member States. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).
3. A certification authority from one Member State may request from the certification authority of another Member State basic information about the scope of the certification of a certain defence product.
- 3a. ***Member States shall ensure a swift cooperation among the different national certification authorities referred to in paragraph 1. The Defence Industrial Readiness Board shall serve as a coordination and mediation platform, whenever necessary, in order to facilitate an efficient and effective movement of defence products in the internal market.***

## SECTION 2

### SUPPLY CHAIN SURVEILLANCE AND MONITORING

#### *Article 40*

#### **Mapping of defence supply-chains**

1. The Commission, ***together with the Member States and the European Defence Agency in the framework of the Defence Industrial Readiness Board***, shall carry out a mapping of the Union's defence supply-chains, ***with the aim of building knowledge and capacity for future industrial policy measures and assessing the Union's position in the global defence value chain.***
- 1a. ***Member States shall map EDTIB's supply chain in their territory and relay the relevant findings to the Commission and the European Defence Agency. The Defence Industrial Readiness Board shall issue guidance to further specify the information to be gathered and define the technical specifications and formats in which the information should be communicated. Member States may request the Commission and the European Defence Agency to assist them with collecting information from relevant undertakings on their territory.***
- 1b. ***Based on the mapping referred to in paragraph 1, Member States shall, in close cooperation with the identified undertakings, continuously monitor their production***

*capacity and their supply chains and assess their overall ability to respond to the expected evolution of the market demand.*

- 1c. Without prejudice to their national security interests, Member States shall provide the Commission with information arising from paragraphs 1a and 1b that is needed to achieve the objectives of this Chapter.*
- 1d. The Commission shall regularly update the mapping.*
3. The Commission, *together with the European Defence Agency and consulting the Defence Industrial Readiness Board*, shall develop a framework and methodology for the identification of crisis-relevant products, with an emphasis on identifying bottlenecks, as well as their related manufacturing capacities in the Union.
4. The mapping referred to in paragraph 1 and identification referred to in paragraph 6 of this Article shall provide an analysis of the Union's supply chains of crisis-relevant products and shall inform the programming of the Programme established under Chapter II.
5. To *complement the data provided by Member States*, the Commission shall use, inter alia, publicly and commercially available data and relevant non-confidential information from undertakings, the result of similar analysis performed, including in the context of Union law on raw materials and renewable energy, as well as the evaluations carried out pursuant to Article 66(1). Where this is not enough to identify the crisis-relevant products, the Commission may issue information requests to *Member States so that they gather information from* relevant actors involved in the concerned value chains and based in the Union, after consulting the Defence Industrial Readiness Board. *Member States may refuse such requests on the basis of national security interests or decide to classify the information transmitted to the Commission.*
6. The Commission shall, by means of implementing act, draw up and regularly update a list of crisis-relevant products *based on the outcome of the exercise in paragraph 3*. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).

7. The Commission shall inform the Defence Industrial Readiness Board of the aggregate results of the activities carried out pursuant to *this Article* on a regular basis. *Those results shall constitute classified information.*
8. The Commission *and the European Defence Agency* shall, on the basis of the outcome of the activities carried out pursuant to paragraph 4 and after consulting the Defence Industrial Readiness Board, develop a list of early warning indicators. The Commission, after consulting the Defence Industrial Readiness Board, shall review the list of early warning indicators on a regular basis, at least every two years.
9. Any information obtained pursuant to this Article shall be treated in compliance with the confidentiality obligations set out in Article 61.
10. This Article shall be without prejudice to the protection of Member States' essential security interests, as referred to in Article 346 TFEU (1) (a).

#### *Article 41*

#### **Monitoring**

1. The Commission, *together with the Member States and the European Defence Agency in the framework of* the Defence Industrial Readiness Board, shall carry out regular monitoring of the Union's manufacturing capacities necessary for the supply of crisis-relevant products, identified in accordance with Article 40(6) with a view to identifying factors that may disrupt, compromise or negatively affect the supply of the *crisis-relevant* products they contribute to provide. The monitoring shall consist of the following activities:
  - (a) monitoring *by Member States* of early warning indicators *at national level* identified pursuant to Article 40(8);
  - (b) monitoring by Member States of the integrity of activities carried out by the key market actors referred to in Article 42 and reporting by Member States *to the Defence Industrial Readiness Board* on major events that may hinder the regular operations of such activities;

*(ba) monitoring by key market actors referred to in Article 42 of their global value chains and reporting to the Defence Industrial Readiness Board on possible disruptions of supply which may affect their activities;*

- (c) identifying best practices for preventive risk mitigation and increased transparency of the Union's manufacturing capacities necessary for the supply of crisis-relevant products.

The Commission, after consulting the Defence Industrial Readiness Board, shall establish the frequency of the monitoring.

2. **Member States** shall pay particular attention to SMEs to minimise administrative burden resulting from the information collection *and may, in exceptionally burdensome cases, provide dedicated assistance*.
3. The Commission may invite, after consulting the Defence Industrial Readiness Board, Member States, national defence industry associations and other relevant stakeholders to provide information, on a voluntary basis, for the purpose of carrying out monitoring activities in accordance with paragraph 1, first subparagraph, point (a).
4. For the purposes of paragraph 1, first subparagraph, point (b), Member States may request information, on a voluntary basis, from key market actors referred to in Article 42 where necessary and proportionate.
5. For the purposes of paragraph 3, national competent authorities shall establish and maintain a list of contacts of all relevant undertakings contributing effectively or potentially to the supply of the **crisis-relevant** products, which are established in their territory. The Commission shall provide for a standardised format for the list of contacts with a view to ensuring interoperability.
6. Without prejudice to their essential security interests and the protection of commercially confidential information resulting from agreements entered into by Member States, Member States shall, where appropriate, provide the Defence Industrial Readiness Board with any additional relevant information, in particular on the potential or future adoption at national level measures for the procurement, purchase or manufacturing of crisis-relevant products.
7. On the basis of the information collected through the activities under **this Article**, the Commission shall provide a report of the aggregated findings to the **Member States and the European Defence Agency** in the form of regular updates. **This analysis and those results shall constitute classified information**. The Defence Industrial

Readiness Board shall meet to assess the results of the monitoring. Where relevant, the chair of the Defence Industrial Readiness Board may invite national defence industrial associations, key market actors, and experts from academia and civil society to such meetings.

8. This Article shall be without prejudice to the protection of Member States' essential security interests as referred to in Article 346(1), point (a) TFEU .

#### *Article 42*

#### **Key market actors**

1. Member States shall, in cooperation with the Commission *and the European Defence Agency*, identify key market actors involved in the supply of *crisis-relevant* products established in their territory, taking into account the following elements:
  - (a) the Union or global market share of the key market actor in the market for that product;
  - (b) the importance of a market actor in maintaining a sufficient level of supply of a product in the Union, taking into account the availability in the Union of alternative means for the provision of that product;
  - (c) the impact that a disruption of supply of the product provided by the market actor could have on the supply of crisis-relevant products.
2. Member States shall report on major events that may hinder the regular operations of the activities as referred to in paragraph 1.

#### *Article 42a*

#### *Stress tests*

1. *The Commission, upon consultation of the Defence Industrial Readiness Board, shall identify relevant topics for the conduct of stress tests.*
2. *The Commission, taking into consideration the results of paragraph 1, shall conduct and coordinate stress tests on a regular basis, including simulations that aim to anticipate and prepare for a supply crisis as referred to in Article 44. In particular, the Commission shall:*

- (a) *develop scenarios and parameters that capture the particular risks associated with a supply crisis, in order to assess the potential impact on the provision of crisis-relevant products and the proper functioning of the internal market;*
  - (b) *facilitate and encourage the development of strategies for emergency preparedness;*
  - (c) *identify, in cooperation with the Defence Industrial Readiness Board, risk mitigation measures after the completion of the stress tests.*
- 3. *The Commission shall invite representatives of all Member States to participate in stress tests. Upon consultation of the Defence Industrial Readiness Board, the Commission may also invite representatives of the High Representative, the European Defence Agency or other relevant actors to participate in the tests referred to in paragraph 2.*
- 4. *The Commission shall present to the Defence Industrial Readiness Board a report with recommendations based on the outcome of the stress tests. The results of the stress tests shall constitute classified information.*

### SECTION 3

#### SUPPLY CRISIS - PREVENTION AND MITIGATION

##### *Article 43*

#### **Alerts and preventive action**

- 1. Where a national competent authority becomes aware of a risk of serious disruption *in the supply* of a crisis-relevant product, *which are not defence products*, or has concrete and reliable information of any other relevant risk factor or event materializing affecting the supply of a crisis relevant product, it shall alert the Defence Industrial Readiness Board without undue delay.
  - 1a. *In order to determine whether a risk of serious disruption should trigger an alert as referred to in paragraph 1, Member States shall take into account the following:*
    - (a) *the market position of economic operators that could be affected by the disruption;*

- (b) *the anticipated duration of the potential disruption;*
- (c) *the geographical area and the proportion of the internal market affected by the potential disruption and its possible cross-border effects, as well as its possible impact on particularly vulnerable or exposed geographical areas;*  
*and*
- (d) *the impact of this potential disruption on the supply of crisis-relevant products.*

2. Where the *Member States alert the* Defence Industrial Readiness Board or the Commission *to the* risk of serious disruption of *the supply of* a crisis relevant product or has concrete and reliable information of any other relevant risk factor or event materializing affecting the supply of a crisis relevant product, including on the basis of early warning indicators, upon an alert pursuant to paragraph 1 or from international partners, the Commission shall, without undue delay, carry out the following preventive actions:

- (a) convene an extraordinary meeting of the Defence Industrial Readiness Board to coordinate the following actions:
  - (1) discuss the severity of the *potential* disruptions to the availability and supply of the concerned crisis-relevant products;
  - (2) recommend to the Commission to initiate action in accordance with Chapter II of this Regulation;
  - (3) discuss approaches *and exchange best practices*, including to assess the state of preparedness of the key market actors;
  - (4) *invite Member States to* enter into dialogue with stakeholders of the Union's manufacturing capacities necessary for the supply of crisis-relevant products with a view to identifying, preparing and possibly coordinating preventive measures;
  - (5) discuss the activation of the supply crisis state referred to in Article 44 where necessary and proportionate.
- (b) on behalf of the Union, enter into consultations or cooperation with relevant third countries and international organisations with a view to seeking

cooperative solutions to address supply-chain disruptions, in compliance with international obligations, which may involve, where appropriate, carrying out coordination in relevant international fora.

(c) *ensure synergies with relevant Union programmes and legal frameworks.*

3. *This Article shall be without prejudice to the right of each Member States to protect its essential security interests in accordance with Article 346(1), point (a) TFEU.*

#### Article 44

#### Activation of the supply crisis state

1. A supply crisis shall be considered to occur where:
  - (a) there are serious disruptions *or an imminent risk of such disruptions* in the provision of *crisis-relevant* products, which are not defence products, or serious obstacles to trade in such products within the Union causing their significant shortage *or an imminent risk thereof*; and
  - (b) such significant shortages prevent the supply, repair or maintenance of defence products to the extent that it would have serious detrimental effect on the functioning of the Union's defence supply chains impacting the society, economy and security of the Union.
2. Where the Commission or the Defence Industrial Readiness Board become aware of a potential supply crisis pursuant to Article 43, the Commission shall assess whether the conditions set out in paragraph 1 of this Article are met. That assessment shall take into account the potential positive and negative impacts and consequences of the supply crisis state on the Union's defence supply chains as well as assessments performed in other relevant Union crisis management frameworks. Where that assessment provides concrete and reliable evidence, the Commission may, after consulting the Defence Industrial Readiness Board, propose to the Council to activate the supply crisis state, *specifying which measures could be triggered upon activation of the supply-crisis state.*
3. The Council, acting by qualified majority, may activate the supply crisis state by means of a Council implementing act. *The implementing act may specify which of*

*the measures set out in this chapter can be activated.* The duration of the supply crisis state shall be specified in the implementing act and shall not exceed 12 months.

4. The Commission shall report on a regular basis and at least every three months to the Council and to the European Parliament on the state of the crisis.
5. Before the expiry of the duration of the supply crisis, the Commission shall assess whether it is appropriate to prolong the supply crisis state, *taking into account the potential negative impacts of the crisis state on the Union's defence industry and other critical sectors*. Where such assessment provides concrete and reliable evidence that the conditions for the activation of the supply crisis state are still met, the Commission may, after consulting the Defence Industrial Readiness Board, propose to the Council to prolong the supply crisis state.
6. The Council, acting by qualified majority, may prolong the supply crisis state by means of a Council implementing act. The duration of the prolongation shall be limited and specified in the Council implementing act.
7. The Commission may propose prolonging the supply crisis state once or more frequently where duly justified.
8. During the supply crisis state, the Commission shall, after consulting the Defence Industrial Readiness Board, assess the appropriateness of an early termination of the crisis state. If the assessment indicates so, the Commission may propose to the Council to terminate the crisis state.
9. The Council may terminate the supply crisis state by means of a Council implementing act.
10. During the crisis state, the Commission shall, upon request from a Member State or on their own initiative, convene extraordinary meetings of the Defence Industrial Readiness Board where necessary. Member States shall work closely with the Commission, inform in a timely manner about and coordinate any national measures taken with regard to the concerned defence supply chain within the Defence Industrial Readiness Board.

11. Upon expiry of the period for which the supply crisis state is activated or in the event of its early termination pursuant to paragraph 8 of this Article, the measures taken in accordance with Articles 46 and 47 shall cease to apply immediately.
12. The Commission shall update the mapping and the monitoring of the Union's defence supply chains pursuant to Articles 40 and 41 taking into account the experience from the crisis no later than six months after the expiry of the supply crisis state.

#### *Article 45*

#### **Supply-crisis emergency toolbox**

1. Where the supply crisis state is activated pursuant to Article 44 and where necessary in order to address the supply crisis in the Union, the Commission may take the measures provided for in Articles 46 *and* 47, under the conditions laid down therein *and according to the Council implementing act adopted pursuant to Article 44*.
2. The Commission *and the European Defence Agency* shall, after consulting the Defence Industrial Readiness Board, restrict the application of the measures provided for in Articles 46 and 47 to the crisis-relevant products disturbed or under threat of disturbance on account of the supply crisis. The use of the measures referred to in paragraph 1 of this Article shall be proportionate and restricted to what is necessary for addressing serious disruptions affecting the supply chains of the crisis-relevant products in the Union and must be in the best interest of the Union. The use of those measures shall avoid placing disproportionate administrative burden in particular on SMEs.
3. Where the supply crisis state is activated pursuant to Article 44 and where appropriate in order to address the supply crisis in the Union, the Defence Industrial Readiness Board may assess and advise on appropriate and effective emergency measures.
4. The Commission shall regularly inform the European Parliament and the Council of any measures taken in accordance with paragraph 1 and explain the reasons for its action.
5. The Commission may, after consulting the Defence Industrial Readiness Board, issue guidance on the implementation and the use of the emergency measures.

Article 46

**Information gathering**

1. Where the supply crisis state is activated pursuant to Article 44, the Commission *working in liaison with the European Defence Agency* may request the *Member State*, to provide information about the production capabilities and current primary disruptions *of the relevant undertakings contribution to the production of crisis-relevant products, established in their territory*, within a set time limit. The requested information shall be limited to what is necessary to assess the nature of the supply crisis or to identify and assess potential mitigation or emergency measures at Union or national level. The information requests shall not entail the supply of information the disclosure of which would be contrary to the Member States' essential security interests. *In such cases, in order to protect their essential security interests in accordance with Article 346(1), point (a) TFEU Member States may refuse such a request or may decide to classify the information they transmit to the Commission. The Commission shall prepare the request for information in consultation of the Defence Industrial Readiness Board.*
3. The Commission shall use secure means to launch the request for information and handle any acquired information in accordance with Article 61. For this purpose, national competent authorities shall transmit to the Commission the list of contacts established under Article 41(5).
5. The request for information shall state its legal basis, be limited to the minimum necessary and be proportionate in terms of the granularity and volume of the data and frequency of access to the data requested, have regard for the legitimate aims of the undertaking and the cost and effort required to make the data available, and set out the time limit within which the information is to be provided. It shall also state the penalties provided for in Article 55.
6. The owners of the undertakings or their representatives and, in the case of legal persons or associations having no legal personality, the persons authorised to represent them by law or by their constitution shall supply *to the Member State* the information requested on behalf of the undertaking or the association of undertakings concerned.

7. If an undertaking established in the Union is subject to a request for information from a third country, related to its activities for a Union's critical defence supply chain, it shall inform the *Member State in which the undertaking is established*, in due time, in such a manner as to enable the *Member State* to request similar information from the undertaking. The *Member State* shall inform *the Commission and* the Defence Industrial Readiness Board of the existence of such request from a third country.
8. If an undertaking supplies incorrect, incomplete or misleading information in response to a request made pursuant to this Article, or does not supply the information within the prescribed time limit, it shall be subject to fines set in accordance with Article 55, except where the undertaking has sufficient reasons for not supplying the requested information. *Sufficient reasons shall be deemed to be in place where the processing of the information requested has the potential to significantly disrupt the operation of the undertaking or when the information is classified.*

#### *Article 47*

#### **Supply-crisis priority-rated orders**

1. Where the crisis state is activated pursuant to Article 44, a Member State which faces or may face severe difficulties either in the placing of an order or in the execution of a contract for the supply of defence products due to shortages or serious risks of shortages along a Union's critical defence supply chain, may request the Commission to require an undertaking to accept, or to prioritise an order of crisis-relevant products, which are not defence products ('priority rated order').
2. Upon a request referred to in paragraph 1, the Commission may, after consulting the Member State of establishment of the undertaking concerned and with its agreement, notify the undertaking concerned of its intent to impose a priority rated order.
3. The notification referred to in paragraph 2 shall include information about the legal basis for the request, specify the product, specifications and quantities concerned as well as the schedule and time-limit within which the order would have to be performed, and state the reasons justifying the use of the priority rated order.

4. From the notification referred to in paragraph 2, the undertaking shall reply to the Commission, within five working days and state whether it can accept or not the order. Where the urgency of the situation requires it, the Commission may, based on a justification of such urgency, reduce the deadline for the undertaking to reply.
5. Where the undertaking declines the priority rated order, it shall provide the Commission with a detailed justification.
6. Where the undertaking accepts the priority rated order, the order shall be deemed accepted under the conditions described in the Commission's order in accordance with the meaning of paragraph 1 and the undertaking shall be legally bound.
7. Where the notified undertaking declines the priority rated order, the order shall be deemed refused. Having due regard to the justifications invoked by the undertaking, the Commission may:
  - (a) abstain from pursuing the order;
  - (b) oblige, by way of implementing acts, the concerned undertakings to accept or perform the priority rated order at a fair and reasonable price.
8. The Commission shall take into account the objections raised by the undertaking under paragraph 7 and state the reasons why, in line with the proportionality principle and the fundamental rights of the undertaking under the Charter of Fundamental rights of the Union, it was necessary to adopt the implementing act referred to in paragraph 7, point (b), in light of the circumstances described in paragraph 1.
9. The Commission shall state in the implementing act referred to in paragraph 7, point (b), the legal basis of the priority rated order, fix the time-limit within which the order is to be performed, and set out the product, specifications, volume, and any other parameter to be complied with. The Commission shall also state the penalties provided for in Article 55 for non-compliance with the obligation.
10. Where the undertaking has accepted the priority rated order of the Commission under paragraph 6 or where the Commission has adopted an implementing act under paragraph 7(b), the priority rated order shall:

- (a) be placed at a fair and reasonable price, adequately taking into account the economic operator's opportunity costs when fulfilling the priority rated orders vis-à-vis existing contractual obligations;
  - (b) take precedence over any performance obligation under private or public law with the exception of these directly related to military orders.
- 11. Any conflict between a priority rated order and a measure under any other prioritisation mechanism of the Union shall be *discussed within the Defence Industrial Readiness Board and* resolved by the Commission, based on the weighing of the public interest.
- 12. Where the undertaking has agreed to the order of the Commission under paragraph 6 or where the Commission has adopted an implementing act under paragraph 7(b), the undertaking may request the Commission to review the priority rated order where it considers it to be duly justified based on one of the following grounds:
  - (a) the undertaking is unable to perform the priority rated order on account of insufficient production capability or production capacity, even under preferential treatment of the order;
  - (b) acceptance of the order would place an unreasonable economic burden and entail particular hardship for the undertaking.
- 13. The undertaking shall provide all relevant and substantiated information to allow the Commission to assess the merits of the objections raised.
- 14. Based on the examination of the reasons and evidence provided by the undertaking, the Commission may, after consulting the Member State of establishment, amend its implementing Act to release, partially or in totality the undertaking concerned from its obligations under this Article.
- 15. This Article shall be without prejudice to the use of national mechanisms or initiatives having an equivalent effect.
- 16. When an undertaking established in the Union is subject to a measure of a third country which entails a priority rated order, it shall notify the Commission thereof. The Commission shall then inform the Committee of the existence of such measures.

17. Where an undertaking accepts or is obliged to accept and prioritise a priority rated order in accordance with paragraphs 6 or 7, *point* (b), it shall be shielded from any contractual or extra-contractual liability in relation to comply with the priority rated *orders*. The liability shall be excluded only to the extent the violation of contractual obligations was necessary for compliance with the mandated prioritisation.
18. Where an economic operator, after having expressly accepted or been obliged to accept to prioritise the orders requested by the Commission, intentionally or through gross negligence, does not comply with the obligation to prioritise those orders, it shall be subject to fines set in accordance with Article 54, except where the undertaking has sufficient reasons for not complying with the obligation to prioritise those orders.
19. The Commission shall adopt an implementing act laying down the practical and operational arrangements for the functioning of priority rated *orders*.
20. The implementing acts referred to in this Article shall be adopted in accordance with the examination procedure referred to in Article 58(3).

#### SECTION 4

##### SECURITY-CRISIS STATE

###### *Article 48*

##### **Activation of the security crisis state**

1. A security crisis shall be considered to occur where *Member States have triggered Article 42(7) TEU*.
3. The Council, upon the proposal of the Commission and acting by qualified majority, *shall* adopt an Implementing Act activating the security crisis state.
5. The security crisis state shall be activated for a maximum period of twelve months. No later than three weeks before the expiry of the period for which the security crisis state was activated, the Commission with the support of the High-Representative shall submit to the Council a report, assessing whether that period should be prolonged. The report shall in particular analyse the security situation and the economic consequences of the security crisis in the Union as a whole and in Member

States, as well as the impact of the measures previously activated under this Regulation.

6. ***If Article 42(7) TEU is still active, the Commission shall*** propose ***a*** prolongation to the Council. The Council, acting by qualified majority, may repeatedly decide to prolong the period for which the security crisis state is activated where that is appropriate to address the crisis, taking into account the need to ensure a high level of security of the Union, Member States and European citizens.
8. Upon expiry of the period for which the security crisis state is activated, the measures taken in accordance with Articles 49 to 54 shall cease to apply.

In the course of the preparation and implementation of the measures set out in Articles 49 to 54, the Commission shall, whenever possible, act in close coordination with the Defence Industrial Readiness Board, which shall provide advice in a timely manner. The Commission shall inform the Defence Industrial Readiness Board on the action taken.

9. Where the security crisis state is activated, the Commission may take the measure provided for in Articles 46 and 47, under the conditions laid down therein and in Article 45.

#### *Article 49*

#### **Information gathering**

Where the Council activates this measure in accordance with Article 48(4), the Commission may take the measure provided for in Article 46 in relation to defence products, in accordance with the conditions defined therein.

#### *Article 50*

#### **Security-crisis priority rated orders**

1. Where the Council activates ***the security-crisis state pursuant to Article 48(3)***, a Member State, which faces or may face severe difficulties either in the placing of an order or in the execution of a contract for the supply of defence products and these difficulties may undermine the security of the Union and of its Member States, may ask ***another Member State*** to require an undertaking ***based on its territory*** to accept, or to prioritise certain orders of ***defence and*** crisis-relevant products.

2. Upon a request referred to in paragraph 1, *the Member State on which territory the undertaking is established, shall require the undertaking established on its territory to accept the priority rated order. The Commission shall ensure the application of this provision.*
3. *The Member State may ask the Commission to carry out the request on its behalf. In such case, the Commission shall adopt an implementing act providing for:*
  - (a) the legal basis of the priority rated *order* which has to be complied with by the undertaking;
  - (b) the *defence products and* crisis-relevant products subject to the priority rated *order* and quantity in which they are to be supplied;
  - (c) the time limits within which the priority rated *order* is to be completed;
  - (d) the beneficiaries of the priority rated *order*, and
  - (e) the waiver of contractual liability under the conditions laid down in paragraph 5.
  - (f) *the penalties provided for in Article 55 for non-compliance with the obligation by undertakings referred to in paragraph 2.*
4. The priority rated *order* shall be placed at a fair and reasonable price adequately taking into account the economic operator's opportunity costs when fulfilling the priority rated *orders* vis-à-vis existing contractual obligations. The priority rated *order* shall take precedence over any prior private or public contractual obligation related to the products subject to the priority rated *order* under private or public law.
5. The economic operator subject to that priority-rated *order* shall not be liable for any breach of contractual obligation that is governed by the law of a Member State, where:
  - (a) the breach of contractual obligations is strictly necessary for compliance with the required prioritization,
  - (b) the implementing act referred to in paragraph 3 has been complied with, and
  - (c) the acceptance of the priority rated *order* was not solely made with a view to unduly avoiding a prior performance obligation.

6. Where an economic operator, after having expressly *acknowledged the order from* the Commission, intentionally or through gross negligence, does not comply with the obligation to prioritise those orders, it shall be subject to fines set in accordance with Article 55, except where the undertaking has sufficient reasons for not complying with the obligation to prioritise those orders.
7. This Article shall be without prejudice to the use of national mechanisms or initiatives having an equivalent effect.
8. When an undertaking established in the Union is subject to a measure of a third country which entails a priority rated *order*, it shall notify the Commission thereof. The Commission shall then inform the Committee of the existence of such measures.
9. The implementing act referred to in paragraph 3 shall be adopted in accordance with the examination procedure referred to in Article 58(3).

#### *Article 51*

#### **Simplification of intra-EU transfers of defence products**

1. Where the Council activates this measure in accordance with Article 48(4) and without prejudice to Directive 2009/43/EC and Member States' prerogatives under that Directive, Member States shall ensure that applications related to intra-EU transfers are processed in an efficient and timely manner. To that end, all national authorities concerned shall ensure that the treatment of an application *is without undue delay*.
2. *Where a Member State imposes, in accordance with Article 4(8) of Directive 2009/43/EC, export limitation on components which are crisis-relevant products, that Member State shall not require further authorisations for the intra-EU transfer of the components concerned where the recipient provides a declaration of use in which it declares that the components subject to that transfer licence are integrated or are to be integrated into a defence product and cannot be transferred or exported as such. This shall be without prejudice to the obligations of recipients laid down in Article 10 of Directive 2009/43/EC.*
  - 2a. *Member States shall reply to any prior authorisation request for the transfer of defence products as referred to in Article 4(1) of Directive 2009/43/EC, without*

*undue delay and no later than within a week of having received all necessary information from the applicant.*

Article 52

*Support to emergency defence innovation actions*

1. Where the Council activates *the security-crisis state pursuant to Article 48(3)*, innovation actions related to one of the following activities shall be deemed eligible under the Programme, provided for in Chapter II:
  - (a) activities that aim at rapid adaptation and modification of civilian products for defence applications;
  - (b) activities that aim at very significantly shortening the delivery lead time of defence products;
  - (c) activities that aim at significantly simplifying the technical specifications of defence products in order to enable their mass production;
  - (d) activities that aim at significantly simplifying the production process of defence products to enable their mass production.
- (da) activities that aim to replace components by alternatives that are available in the EU or are easily adaptable or can be developed in a timely manner by economic entities inside EU.*

Article 53

**Certification in security crisis state**

1. Where the Council activates *the security-crisis state pursuant to Article 48(3)*, Member States shall ensure that administrative procedures related to the certification and where necessary technical adaptations are processed in the most rapid possible way, according to their applicable national laws and regulations.
2. Where such status exists in national law, certification of defence *and crisis-relevant* products shall be allocated the status of the highest national significance possible.
3. Where this measure is activated, defence products certified in a Member State shall be deemed certified in another Member State without being subject to additional controls.

4. The Implementing Act of the Council referred to article 48(3) may lay down more precise provisions on the scope of this measure.
5. This measure shall be without prejudice to Member States' essential security interests.

#### *Article 54*

#### **National fast-tracking of permit granting procedures**

1. Where the Council activates *the security-crisis state pursuant to Article 48(3)*, and where such status exists in national law the planning, construction and operation of production facilities of *defence and* crisis-relevant products shall be allocated the status of the highest national significance possible and be treated as such in permit granting processes, including those relating to environmental assessments and if national law so provides, in spatial planning.
2. The security of supply of defence products may be considered an imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), *point* (c), of Directive 92/43/EEC and of overriding public interest within the meaning of Article 4(7) of Directive 2000/60. Therefore, the planning, construction and operation of related production facilities may be considered of overriding public interest, provided that the remaining other conditions set out in these provisions are fulfilled.

#### *Article 54a*

#### *Continuity of production of relevant defence products*

1. *Where the Council activates the security-crisis state pursuant to Article 48(3), Member States may decide to use or to encourage companies producing relevant defence products to make use of derogations provided for in Article 17(3) of Directive 2003/88/EC in order to allow for the expansion of working shifts hence facilitating continuity of production of defence relevant products, if they deem it necessary to achieve the objectives of this Regulation.*
2. *To that end and where prior authorisation is required, all national authorities concerned shall ensure that the most rapid treatment legally possible is given to*

*applications from entities producing or being part of the supply chain of relevant defence product to use such derogations.*

## SECTION 5

### PENALTIES

#### Article 55

#### Penalties

1. The Commission may, by way of implementing act, impose on the undertakings or associations, including their owners or representatives, being the addressees of information gathering measures referred to in Articles 46, and 48, or of any of the obligations to inform the Commission of a third-country obligation pursuant to Articles 47(16) and 50(8) or to prioritise the production of crisis-relevant products *and defence products* pursuant to Articles 47, 49 *or 50*, where it deems it to be necessary and proportionate:
  - (a) fines not exceeding **0,5 % of the undertaking's net annual worldwide turnover**, where it, intentionally or through gross negligence, supplies incorrect, incomplete or misleading information in response to a request made pursuant to Article 46 and 48, or does not supply the information within the prescribed time limit;
  - (b) fines not exceeding **0,2% of the undertaking's net annual worldwide turnover**, where it, intentionally or through gross negligence, does not comply with the obligation to inform the Commission of a third-country obligation pursuant to Article 47(16) and 50(8);
  - (c) periodic penalty payments not exceeding **3 %** of the average daily turnover in the preceding business year for each working day of non-compliance from the date established in the decision in which the priority-rated order was issued, where it, intentionally or through gross negligence, does not comply with an obligation to prioritise the production of crisis-relevant products pursuant to Article 47. Where the undertaking concerned is an SME, the periodic penalty payments imposed shall not exceed **1 %** of its average daily turnover in the preceding business year;

- (d) fines not exceeding ***0,5% of the undertaking's net annual worldwide turnover***, where it, intentionally or through gross negligence, does not comply with the obligation to prioritise the production of crisis-relevant products pursuant to Article 49.
- (e) ***fin es not exceeding 0,5% of the undertaking's net annual worldwide turnover, where it, intentionally or through gross negligence, does not comply with the obligation to prioritise the production of defence products pursuant to Article 50(2).***
- 1a. Fines referred to in paragraph 1 shall be calculated on the basis of the net annual worldwide turnover of the undertaking in the financial year preceding that of the decision to impose the fine.***
2. Before taking a decision pursuant to paragraph 1 of this Article, the Commission shall provide an opportunity for the concerned undertakings and associations, including their owners or representatives, to be heard in accordance with Article 56. It shall take into account any duly reasoned justification presented by them for the purpose of determining whether fines or periodic penalty payments are deemed necessary and proportionate.
3. Implementing acts referred to in this Article shall be adopted in accordance with the examination procedure referred to in Article 58(3).
4. In fixing the amount of the fine or periodic penalty payment, the Commission shall take into consideration the nature, gravity and duration of the infringement, including in cases of non-compliance with the obligation to accept and prioritise a priority-rated order set out in Article 47, whether the undertakings or associations, including their owners or representatives referred to in paragraph (1), have partially complied with the priority-rated order.
5. The fines shall constitute external assigned revenue within the meaning of Article 21(5) of the Financial Regulation to the Ukraine Support Instrument.

## *Article 56*

### **Right to be heard for the imposition of fines or periodic penalty payments**

1. Before adopting a decision pursuant to Article 55, the Commission shall ensure that the concerned undertakings and associations, including their owners or representatives, have been given the opportunity to submit observations on:
  - (a) the preliminary findings of the Commission, including any matter to which the Commission has taken objections;
  - (b) the measures that the Commission may intend to take in view of the preliminary findings pursuant to point (a) of this paragraph.
2. The concerned undertakings and associations, including their owners or representatives may submit their observations to the Commission's preliminary findings within a time limit which shall be fixed by the Commission in its preliminary findings, and which may not be less than 14 working days.
3. The Commission shall base its imposition of fines or periodic penalty payments only on objections on which the concerned undertakings and associations, including their owners or representatives, have been able to comment.
4. Where the Commission has informed the concerned undertakings and associations, including their owners or representatives, of its preliminary findings as referred to in paragraph (1), it shall give access, if so requested, to the Commission's file under the terms of a negotiated disclosure, subject to the legitimate interest of undertakings in the protection of their business secrets, or in order to preserve business secrets or other confidential information of any person. The right of access to the file shall not extend to confidential information and internal documents of the Commission or the authorities of the Member States. In particular, the right of access shall not extend to correspondence between the Commission and the authorities of the Member States. Nothing in this paragraph shall prevent the Commission from disclosing and using information necessary to prove an infringement.

## **Chapter V**

### **Governance, evaluation and control**

## *Article 56a*

### *Exercise of the delegation*

1. *The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.*
2. *The power to adopt delegated acts referred to in Article 18(2)(2-a) and in Article 21da(2) shall be conferred on the Commission for a period of 5 years from ... [date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the 5-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.*
3. *The delegation of power referred to in Article 18(2)(2-a) and in Article 21da(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.*
4. *Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.*
5. *As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*
6. *A delegated act adopted pursuant to Article 18(2)(2-a) and to Article 21da(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of [two months] of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by [two months] at the initiative of the European Parliament or of the Council.*

### Defence Industrial Readiness Board

1. The Defence Industrial Readiness Board is hereby established.
2. The general task of the Board is to *carry out the measures* pursuant to Chapter IV of *this Regulation* [Security of Supply].
4. The Commission shall maintain a regular flow of information to the Defence Industrial Readiness Board on any planned measures or measures that have been taken related to the activation of the supply-crisis or security-crisis state. The Commission shall provide the necessary information through a secured IT system.
5. For the purposes of the supply-crisis state as referred to in Article 44, the Defence Industrial Readiness Board shall *carry out* the following tasks:
  - (a) analysing crisis-relevant information gathered by Member States or the Commission;
  - (b) assessing whether the criteria for activation or deactivation of the supply-crisis state have been fulfilled;
  - (c) providing guidance on the implementation of the measures chosen to respond to supply crisis at Union level;
  - (d) performing a review of national crisis measures;
  - (e) facilitating exchanges and sharing of information, including with other crisis-relevant bodies at Union level, as well as, as appropriate, third countries, with particular attention paid to developing countries, and international organisations.
6. For the purposes of the security-crisis state as referred to in Article 48, the Defence Industrial Readiness Board shall:
  - (a) facilitate coordinated action by the Commission and the Member States;
  - (b) adopt opinions and guidance, including specific response measures, for the Member States for ensuring the timely availability and supply of crisis-relevant products;

- (c) assist and provide guidance on the activation of measures as referred to in Articles 49 to 54;
  - (d) provide a forum for the coordination of actions of the Council, the Commission, and other relevant Union bodies.
7. The Defence Industrial Readiness Board shall be composed of the representatives of the Commission, the High-Representative and Head of the European Defence Agency, *the Chair of the European Union Military Committee*, Member States and associated countries, *as well as representatives from the European Parliament as observers*. Each Member State or associated country shall nominate one representative and one alternate representative. The Board shall be *co*-chaired by the Commission *and the Member State holding the rotating presidency of the Council* for the purposes of the tasks laid down in this Regulation. The secretariat of the Defence Industrial Readiness Board shall be ensured by the Commission.
8. The Defence Industrial Readiness Board shall meet whenever the situation requires, upon request from the Commission or a Member State or an associated country. It shall adopt its rules of procedure on the basis of a proposal submitted by the Commission. *These rules of procedure shall foresee dispute settlement procedures and prevent the blocking of activities and regular work of the Defence Industrial Readiness Board's by individual Member States.*
9. The Defence Industrial Readiness Board may issue opinions, upon the request of the Commission or on its own initiative. The Defence Industrial Readiness Board shall endeavour to find solutions which command the widest possible support.
10. The Defence Industrial Readiness Board shall invite, at least once a year, representatives from National Defence Industrial Associations and selected industrial representatives, taking into account the necessity to ensure a balanced geographical representation (structured dialogue with defence industry). Where the supply crisis state referred to in Article 44 or the security crisis state referred to in Article 48 has been activated, the Defence Industrial Readiness Board shall invite high-level industrial representatives to meet in special configuration in order to discuss issues linked to crisis-relevant products.

11. The Defence Industrial Readiness Board shall invite the representatives of other crisis-relevant bodies at Union level as observers to the relevant meetings of the Board.
12. The Defence Industrial Readiness Board shall invite, in line with its rules of procedure and with due respect to the security and defence interests of the Union and its Member States, a representative from Ukraine to attend meetings as an observer, *in particular with a view to actions reinforcing the Ukrainian DTIB.*
13. The Commission shall ensure transparency and provide members of the Board with equal access to information, in order to ensure that the decision-making process reflects the situation and the needs of all Member States.
14. The Commission may, on its own initiative or on the proposal of the Defence Industrial Readiness Board, set up working groups on an *ad hoc* basis to support the Defence Industrial Readiness Board in its work for the purpose of examining specific questions on the basis of the tasks referred to in paragraph 1. Member States shall nominate experts for the working groups.
15. The Commission shall set up a working group on legal, regulatory and administrative hurdles. The objectives of this working group are:
  - (a) to identify existing or potential legal, regulatory and administrative obstacles at international, EU and national levels to the achievement of the objectives listed in Article 4;
  - (b) to identify potential solutions and/or mitigation measures to identified obstacles.

#### *Article 58*

#### **Committee Procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. The EDA shall be invited to provide its views and expertise to the committee as an observer. The EEAS *and the European Parliament* shall also be invited to assist in the work of the committee.
  - 2a. *Where relevant, Ukraine shall be invited to send a representative to the committee.***

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
4. Where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and Article 5(4), third subparagraph, of Regulation (EU) No 182/2011 shall apply.

#### *Article 58a*

##### *Parliamentary scrutiny*

1. *The Commission shall maintain a high level of information and involvement of the European Parliament on the implementation of the provisions laid down in this Regulation, in particular with a view to protect adherence to European ethical standards and due respect of fundamental rights.*
2. *In the context of the provisions laid down in Chapter IV, the Commission shall ensure an adequate level of information and involvement of the European Parliament.*
3. *In the context of the provisions laid down in Chapters II-IIc, the Commission shall consult the European Parliament on the Work Programmes and shall ensure annual reporting of the activities implemented in this framework.*

#### *Article 59*

##### **EU – UA Framework agreement**

1. The Commission shall conclude a framework agreement with Ukraine for the implementation of the actions set out in this Regulation which concern Ukraine or legal entities established in Ukraine receiving Union funds.
2. The framework agreement concluded with Ukraine, taken as a whole, and contracts and agreements signed with legal entities established in Ukraine receiving Union funds, shall ensure that the obligations set out in Article 129 of the Financial Regulation can be fulfilled.
3. The framework agreement shall lay down the obligations of the Ukrainian authorities and bodies entrusted of budget implementation tasks to take all the necessary measures including legislative, regulatory and administrative measures to respect the

principles of sound financial management, transparency and non-discrimination, to ensure the visibility of Union action when managing the Union funds, to fulfil the appropriate control and audit obligations and assume the resulting responsibilities, and to protect the financial interests of the Union, by, in particular, detailed enacting provisions concerning:

- (a) the activities related to control, supervision, monitoring, evaluation, reporting and audit of Union funding under the Programme, as well as investigations, anti-fraud measures and cooperation;
- (b) rules on taxes, duties and charges in accordance with Article 27(9) and (10) of Regulation (EU) 2021/947;
- (c) the right of the Commission to monitor activities under this Regulation carried out by the legal entities established in Ukraine, along the whole project cycle, including for cooperation for common procurement action, to take part in these as observer, as appropriate, and to make recommendations for the improvement of such activities and commitment by the Ukrainian authorities to make their best efforts to implement such recommendations of the Commission and to report on this implementation;
- (d) the obligations referred to in Article 64(2), including precise rules and timeframe on collection of data by Ukraine and access for the Commission and OLAF;
- (e) the preservation of security interests, including a level of protection of classified information and confidentiality equivalent to that set out in Articles 59 and 60;
- (f) provisions on protection of personal data.

4. Funding shall only be granted to Ukraine after the framework agreement has entered into force and that the actions needed to implement the requirements it establishes have been implemented by the parties.

***4a. The framework agreement shall be concluded without undue delay, and no later than...[ 6 months after the entry into force of this Regulation].***

## *Article 60*

### **Application of the rules on classified information**

1. The originatorship of classified foreground information generated in implementing eligible actions listed under Article 11, shall be under the responsibility of the participating Member States who will establish the applicable security framework under relevant national laws.
2. Such a security framework shall be without prejudice to the possibility for the Commission to have access to the necessary information for carrying out the action.
3. The Commission shall protect classified information received in accordance with the security rules set out in Decision (EU, Euratom) 2015/444 and Decision 2013/488/EU.
4. The applicable security framework for the action has to be put in place at the latest before the signature of the grant agreement or the contract. The relevant documents shall form integral part of the Grant Agreement.
5. The Commission shall make available approved and accredited existing systems to facilitate the exchange of classified information between the Commission, the High-Representative / Head of Agency, *the European Parliament*, the Member States and associated countries and, where appropriate, with the applicants and the recipients.

## *Article 61*

### **Confidentiality and processing of information**

1. Information received as a result of the application of this Regulation shall be used only for the purpose for which it was requested.
2. Member States, the Commission and the High-Representative / Head of Agency shall ensure the protection of trade and business secrets and other sensitive and classified information acquired and generated in application of this Regulation in accordance with Union law and the respective national law.
3. Member States, the Commission and the High-Representative / Head of Agency shall ensure that classified information provided or exchanged under this Regulation is not downgraded or declassified without the prior written consent of the originator.

4. The Commission shall not share any information in a way that can lead to the identification of an entity when the sharing of the information results in potential commercial or reputational damage to that entity or in divulging any trade secrets.
5. The Commission shall handle information containing any data of an entity or any trade secrets in a way not less stringent than the handling of Sensitive non Classified Information, including the application of the “need to know principle” and the handling and sharing in appropriate encrypted environments.

#### *Article 62*

#### **Personal data protection**

1. This Regulation shall be without prejudice to the obligations of Member States relating to their processing of personal data under Regulation (EU) 2016/679 of the European Parliament and of the Council<sup>15</sup> and Directive 2002/58/EC of the European Parliament and of the Council<sup>16</sup>, or the obligations of the Commission and, where appropriate, other Union institutions, bodies, offices and agencies, relating to their processing of personal data under Regulation (EU) 2018/1725 of the European Parliament and of the Council<sup>17</sup>, when fulfilling their responsibilities.
2. Personal data shall not be processed or communicated except in cases where this is strictly necessary for the purposes of this Regulation. In such cases Regulations (EU) 2016/679 and (EU) 2018/1725 shall apply as appropriate.
3. Where the processing of personal data is not strictly necessary to the fulfilment of the mechanisms established in this Regulation, personal data shall be rendered anonymous in such a manner that the data subject is not identifiable.

---

<sup>15</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

<sup>16</sup> Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications) (OJ L 201, 31.7.2002, p. 37).

<sup>17</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

*Article 63*

**Audits**

Audits on the use of the Union contribution carried out by persons or entities, including by persons or entities other than those mandated by the Union institutions, bodies, offices or agencies, shall form the basis of the overall assurance pursuant to Article 127 of the Financial Regulation. The Court of Auditors shall examine the accounts of all revenue and expenditure of the Union in accordance with Article 287 TFEU.

*Article 64*

**Protection of the financial interests of the Union**

1. Where an associated country participates in the Programme by means of a decision adopted pursuant to the Agreement on the European Economic Area or on the basis of any other legal instrument, the associated country shall grant the necessary rights and access required for the authorising officer responsible, OLAF and the Court of Auditors to comprehensively exercise their respective competences. In the case of OLAF, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, as provided for in Regulation (EU, Euratom) No 883/2013.
2. The agreement referred to in Articles 59 shall provide for the obligations of Ukraine:
  - (a) to take appropriate measures to prevent, detect and correct fraud, corruption, conflicts of interests and irregularities affecting the financial interests of the Union, to avoid double funding and to take legal actions to recover funds that have been misappropriated;
  - (b) to regularly check that the financing provided has been used in accordance with the applicable rules, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interests and irregularities;
  - (c) to accompany a request for payment under the Programme by a declaration that the funds were used in accordance with the principle of sound financial management and for their intended purpose and managed appropriately in particular in accordance with Ukrainian rules complemented by international standards, on prevention, detection and correction of irregularities, fraud, corruption and conflicts of interests;

- (d) to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129(1) of the Financial Regulation, in application of the principle of proportionality.

#### *Article 65*

#### **Information, communication and publicity**

1. The recipients of Union funding shall acknowledge the origin of the funds and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to the Programme *and the Ukraine Support Instrument*, to actions taken pursuant to *both* and to the results obtained.
3. Financial resources allocated to the Programme shall contribute to the corporate communication of the political priorities of the Union, insofar as those priorities are related to the objectives referred to in Article 4.
4. Financial resources allocated to the Programme may contribute to the organisation of dissemination activities, match-making events and awareness-raising activities, in particular aiming at opening up supply chains to foster the cross-border participation of SMEs. *In particular, the FAST programme shall benefit from a dissemination campaign to foster uptake by SMEs and small mid-caps.*
- 4a. *Member States, with the assistance of the Commission, shall provide economic entities of the EDTIB, in particular SMEs and small mid-caps, with the necessary information to facilitate their participation under this Regulation.*

#### *Article 66*

#### **Review**

1. By 30 June 2027, the Commission shall draw up a report *reviewing* the implementation of the measures set out in this Regulation and their results *with regards to the objectives outlined in Article 4*, as well as the opportunity to extend their applicability and provide for *an increased funding in the next multi-annual financial framework*, particularly with regard to the evolution of the security context

and any persistent risks in relation to the supply of defence products. The evaluation report shall build on consultations of the Member States and key stakeholders.

***Furthermore, the report shall evaluate the progress made towards the objectives outlined in the European Defence Industrial Strategy and its further development, in particular with regard to:***

***(a) at least 40 % of defence equipment procured in the Union are procured in a collaborative manner by 2030;***

***(b) the value of intra-EU defence trade represents at least 35 % of the value of the EU defence market by 2030;***

***(c) Member States procure at least 50 % and 60 % of their defence investments within the Union by 2030 and 2035 respectively;***

2. The Commission shall present the report to the European Parliament and the Council, accompanied, where appropriate, by relevant legislative proposals.
3. ***Based on this evaluation, the Commission shall present, where appropriate, a new legislative proposal in order to adapt the Regulation to the objectives set out in Article 4.***

#### *Article 67*

#### **Entry into force**

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## EXPLANATORY STATEMENT

The European Union is facing an unprecedented geopolitical situation, marked in particular by the return of high-intensity warfare on the European soil due to Russia's war of aggression against Ukraine. This crisis underscores the urgent need for the European Union and its Member States to ramp-up investment in our collective security and defence, ensuring a strong and autonomous deterrence capability and the ability to fully support our allies.

The proposed European Defence Industry Programme (EDIP) regulation seeks to strengthen the European Defence Technological and Industrial Base (EDTIB) as a strategic asset of Europe's security and defence, ensuring it can equip Member States armed forces with the necessary defence capabilities, in sufficient volumes and within appropriate timeframes.

This draft report outlines the principal priorities and commonly agreed positions of the two co-rapporteurs.

The initial Commission proposal was based on a financial envelope of 1,5 billion euro. This amount falls far short of the needs identified by the Commission itself, endorsed by Member States. Only an increased and credible budgetary commitment can guarantee tangible effects on the EDTIB and meet the regulation's stated objectives, in particular the creation of critical capabilities that will allow us to act autonomously. The co-rapporteurs propose that 10% of financial resources raised under the SAFE instrument be converted into grants and redirected to EDIP. As co-legislator and budgetary authority, the European Parliament holds the responsibility to guarantee adequate funding for EU programmes to achieve their goals. This is a matter of effectiveness, credibility and coherence.

Similarly, the Ukraine Support Instrument (USI), designed to reinforce Ukraine's DTIB in response to Russia's aggression, is not provided with proper resources. The co-rapporteurs share the view that it is simply inconceivable for the European Parliament to adopt the USI without any funding. They firmly emphasize the diplomatic and geopolitical risk of adopting an unfunded instrument, and stress the clear mutual benefits of fostering collaboration between the Ukrainian DTIB and the European defence industry. Strengthening these ties will help the EU adapt its defence sector to the realities of modern warfare. For these reasons, 5 billion euros of SAFE, also reshaped into grants, should be allocated to USI.

Ensuring strategic autonomy over European defence capabilities is paramount for our security. EU funding should therefore be directed to European industries, supporting the development of defence capabilities owned and controlled by European entities. This approach ensures that external restrictions do not impede the definition, adaptation, or evolution of defence products.

Closing the gap between military needs and capabilities in Europe requires enhanced efficiency in spending and less fragmentation of demand for the EDTIB, which can only be achieved through deeper cooperation between Member States. To this end, the co-rapporteurs support and strengthen mechanisms that facilitate and incentivize demand aggregation and enhanced cooperation.

In light of their diverging views regarding governance structures and processes, as well as on measures proposed to ensure the availability and security of supply of defence products, the

co-rapporteurs have chosen not to amend these aspects in the present report. They will develop their vision and build-up a common position with all political groups in the course of the negotiation.

In order to enhance Member States defence investment, and to support European armed forces in their mission to protect peace and freedom on our continent, the co-rapporteurs strongly believe that the EDIP proposal constitutes a decisive step towards strengthening European democracies in the face of the existential challenges of our time.

## **ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEURS HAVE RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteurs declare that they received input from the following entities or persons in the preparation of the draft report, prior to the adoption thereof in committee:

<b>Entity and/or person</b>
Kongsberg
Fincantieri
GICAN
Alliance Newspace
Safran
AmCham EU
Dassault Aviation
KNDS
Airbus
MBDA
GIFAS
European Defence Agency

The list above is drawn up under the exclusive responsibility of the rapporteurs.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteurs declare that they have submitted to the concerned natural persons the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

10.4.2025

## BUDGETARY ASSESSMENT OF THE COMMITTEE ON BUDGETS

for the Committee on Security and Defence and the Committee on Industry, Research and Energy

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 ('EDIP')  
(COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))

Rapporteur for budgetary assessment: Jean-Marc Germain

The Committee on Budgets has carried out a budgetary assessment of the proposal under Rule 58 of the Rules of Procedure and has reached the following conclusions:

- A. whereas Russia's unlawful war of aggression against Ukraine poses a fundamental threat not only to Ukraine but to the entire European security architecture; whereas unseen geopolitical changes, including evolving dynamics in transatlantic relations and uncertainty over future US commitments, are further affecting this situation in ways never seen before and demand a decisive and unified response from the European Union and its partners;
  - B. whereas the Union and its Member States are committed to contributing, together with partners, to future long-term security commitments to Ukraine, which will help Ukraine to defend itself, resist destabilisation efforts and deter acts of aggression in the future; whereas frontline countries have shown great solidarity in the context of the war in Ukraine, providing support and humanitarian and military aid, and have allocated significant resources in this regard;
  - C. whereas the production capacity of the European Defence Technological and Industrial Base (EDTIB) has been tailored to respond primarily to 'peacetime', mostly fragmented along national dividing lines, following decades of severe public underinvestment, and this situation raises the question of European defence readiness and long-term military resilience;
  - D. whereas Member States are significantly increasing their defence budgets and, in parallel, temporary emergency responses have been put in place through the short-term EU budget instruments EDIRPA and ASAP, with funding until 2025; whereas efforts towards joint procurement have been initiated to enhance interoperability and cost-efficiency, yet three years after the outbreak of Russia's unjustified war of aggression against Ukraine the challenges for European defence readiness are more pressing than ever;
1. Underlines that investing in defence and the development of the defence industry

through the EU budget contributes to defragmenting, optimising and fully leveraging public spending by pooling Member States' resources to support defence projects that no single Member State could develop or procure alone, given both the complexity and the need to harmonise and enhance interoperability; stresses that it is high time to make progress in further building European added-value in the area of defence and thereby deepen the single market for defence products and services with the particular aim of closing capability and industrial gaps; underlines that this is not only a matter of strategic autonomy, but also of global competitiveness and their direct impact on the Union and the EU budget, as the Union must be able to stand its ground alongside other major players such as the United States and China in the global defence and security landscape;

2. Recalls that a substantial overall increase and enhanced flexibility in the EU's contribution to defence spending is essential for any meaningful contribution to bridging the existing capability and industrial gaps, as mentioned in the White Paper on the Future of European Defence, through a combination of EU grants, low-interest lending instruments and targeted fiscal incentives to help Member States mobilise the necessary budgetary resources and spend them in the most efficient and targeted way;
3. Supports the objective of the European Defence Industrial Programme (EDIP) to increase the EU defence industry's readiness by providing financial support for the reinforcement of EDTIB, thus strengthening the competitiveness, responsiveness and resilience of the Union's defence industry and incentivising cooperation in defence procurement, thereby reducing excessive fragmentation and increasing standardisation and interoperability of defence systems across the Union; welcomes the fact that, by doing so, EDIP bridges the funding gap left by the termination of ASAP and EDIRPA in 2025 until the end of the current multiannual financial framework (MFF) in 2027, thereby ensuring predictable, continuous and timely, albeit limited, support to EDTIB; welcomes the potential synergies between the European Defence Fund (EDF) and EDIP, which supports the production phase of EDF projects, thereby having a multiplier effect on the budget invested in collaborative efforts under the EDF by supporting the future market uptake of the programme's results;
4. Notes that EDIP's programme envelope is sharply constrained by the current MFF ceilings and that the Commission proposal amounting to EUR 1.5 billion corresponds to the maximum amount available under heading five; strongly agrees with the Commission with regard to the risk of there being an insufficient budgetary volume compared to actual needs and the current geopolitical situation; underlines, furthermore, the risk that, on the one hand, the limited Union resources will result in insufficient investments, lacking the necessary incentivising effect or not having any measurable impact at Union level and that, on the other hand, Member States will pursue fragmented and individual investments; underlines that the objectives of EDIP need to be pursued in such a way as to ensure balanced industrial development throughout the Union, fostering the participation of a wide range of interested defence companies from all Member States; stresses that the estimated full-time equivalent needs proposed for the implementation of EDIP should be adjusted to its operational needs;
5. Supports the proposal to establish the Ukraine Support Instrument (USI) under EDIP, contributing to the recovery, reconstruction and modernisation of the Ukrainian Defence

Technological and Industrial Base (DTIB), taking into account its possible future integration in EDTIB, thereby contributing to mutual stability, security, peace, prosperity and sustainability; insists that this support is complementary to that provided under the Ukraine Facility and the Ukraine Loan Cooperation Mechanism, and to military support provided to Ukraine under the European Peace Facility and through bilateral assistance from Member States;

6. Recalls that the Commission's proposal initially envisaged funding the USI largely through external assigned revenue resulting from part of the unexpected and extraordinary revenues from Russia's immobilised sovereign assets; stresses that the proceeds from immobilised Russian assets have in the meantime been earmarked for the repayment of loans provided under the Ukraine Loan Cooperation Mechanism; calls on the Commission to urgently clarify the sources of financing for the USI, in particular the state of play with regard to Russia's immobilised sovereign assets, and recalls Parliament's proposal<sup>1</sup> to allocate a specific multibillion euro budget to this instrument;
7. Recalls that Parliament had repeatedly called for higher MFF ceilings to increase, inter alia, defence spending; underlines that higher ceilings could have provided the necessary flexibility to give the EDIP proposal the necessary level of funding; notes that in the absence of sufficient flexibility under the ceilings, proposals such as SAFE are being developed, with the risk of this once again leading to fragmented investments, divergent national priorities in various Member States and a lack of parliamentary oversight and scrutiny; stresses the importance of ensuring coherence, scale and Union added value in future defence initiatives; recalls the decision to use joint borrowing to finance the NGEU recovery instrument for the COVID-19 crisis and that the repayment of the debt would be funded by new own resources; in this respect, and given the extreme needs and challenges, invites the Commission to explore new sources of revenue for European defence industry programmes; recalls the legally binding roadmap on own resources; calls on the Council to adopt the amended Commission proposal on the system of own resources as a matter of urgency and calls on the Commission to continue efforts to identify additional genuine own resources beyond those in the IIA, in order to, inter alia, support the increased needs of EDIP and defence-related programmes;
8. Stresses the urgent need to receive additional financial resources for EDIP, both for its EDTIB component and for the USI, including contributions from the Member States; calls on the Member States to make use of this possibility in order to mitigate the existing budgetary constraints under the current MFF and to significantly increase the firepower of EDIP; calls, in particular, on the Member States to allocate at least EUR 15 billion in additional contributions to the EDTIB component of EDIP, and an additional EUR 5 billion for the USI, thereby increasing the total maximum financial envelope by at least EUR 20 billion; recalls that any additional financial resources should be used in full respect of the EDIP objectives, in particular to incentivise cooperation and joint procurement, ultimately enhancing equipment interoperability;
9. Welcomes the proposal for a Fund to Accelerate defence Supply chains Transformation (FAST), which involves a blending operation to leverage, de-risk and speed up

---

<sup>1</sup> [European Parliament resolution of 12 March 2025 on the white paper on the future of European defence \(Texts adopted, P10\\_TA\(2025\)0034\).](#)

investments needed to increase the defence manufacturing capacities of European SMEs and small mid-caps; highlights that the severe instability of the current geopolitical situation requires strengthening the defence industry's access to funding, in particular start-ups and scale-ups; stresses the importance of improving the inclusion of SMEs and mid-caps across the defence supply chain, in particular by facilitating their access to funding and participation in cooperative projects; underlines the importance of securing resilient and independent supply chains and reducing strategic dependencies; calls on the Commission to provide more details on the rationale for such a 'de-risking' instrument, in particular on how it would contribute to addressing the root causes of the lack of access to private finance identified in the staff working document<sup>2</sup>, including 'ethical and reputational issues', 'environmental, social, and governance (ESG) criteria', 'lack of knowledge of the defence sector' and 'regulatory risks'; calls on the Commission to clarify what amount would be necessary to ensure a meaningful impact; underlines the requirement to comply with the principles laid down in the financial regulation, in particular with regard to sound financial management;

10. Supports the establishment of the European Defence Projects of Common Interest (EDPCI) as a further incentive to enhance Member States' cross-border cooperation and joint procurement, and to support the industry by providing it with clear long-term priority projects; points to the added value in channelling Member States' contributions to EDIP, including SAFE loans to EDPCI in this regard; underlines that, in the event of long-term financial support to EDPCI from the EU budget, Parliament, in its role as a branch of the budgetary authority, should be fully involved in the relevant decision-making process on financial contributions;
11. Acknowledges that, in accordance with Article 196(2) of the Financial Regulation<sup>3</sup>, financial contributions may, where relevant and necessary for the implementation of an action, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions under certain conditions described in the proposal; states that such retroactivity is duly justified by the general urgency of the situation;
12. Agrees with the Commission proposal to finance up to 100 % of the eligible costs in certain cases, where appropriate and in line with sound financial management, in derogation from Article 194 of the Financial Regulation, in order to offset the complexity of cooperation for common procurement specific to the defence sector;
13. Calls for budget line 13.0801 – EDIP programme, as proposed in the Legislative Financial Statement, to be split in order to reflect the equal importance of the programme's two objectives, ensure transparency and accountability to the budgetary authority and comparability of the support thus far provided under ASAP and EDIRPA, and under EDIP in the future, and preserve Parliament's prerogatives in the annual budgetary procedure;

As part of its budgetary assessment, the Committee on Budgets also submits the following

---

<sup>2</sup> [Commission staff working document of 8 July 2024 for a European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products \(C\(2024\)4822\).](#)

<sup>3</sup> [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 \(OJ L, 2024/2509, 26.9.2024\).](#)  
ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

amendments to the proposal:

## Amendment 1

### Proposal for a regulation

#### Recital 12

*Text proposed by the Commission*

12 This Regulation lays down a financial envelope for the entire duration of the Programme which is to constitute the prime reference amount, within the meaning of point 18 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, for the European Parliament and the Council during the annual budgetary procedure.

*Amendment*

12 This Regulation lays down a financial envelope for the entire duration of the Programme which is to constitute the prime reference amount, within the meaning of point 18 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, for the European Parliament and the Council during the annual budgetary procedure. ***The financial envelope is sharply constrained by the current MFF ceilings and additional financial resources should therefore be made available, both for its EDTIB component and for the Ukraine Support Instrument, including through additional contributions provided by the Member States.***

## Amendment 2

### Proposal for a regulation

#### Recital 70 a (new)

*Text proposed by the Commission*

*Amendment*

***70a This Regulation has implications for the Union budget. Accordingly, the European Parliament's Committee on Budgets adopted a budgetary assessment,***

*which forms an integral part of  
Parliament's mandate for negotiations.*

### Amendment 3

#### Proposal for a regulation

##### Article 5 – paragraph 1 – point a

*Text proposed by the Commission*

(a) for actions reinforcing the EDTIB: EUR 1 500 millions in current prices for the period from [... - insert a specific date] until 31 December 2027 *as well as* additional contributions in accordance with Article 6;

*Amendment*

(a) for actions reinforcing the EDTIB:

(i) EUR 1 500 million in current prices *from the general budget* for the period from [... - insert a specific date] until 31 December 2027;

(ii) *at least EUR 15 000 million in* additional contributions *provided by the Member States* in accordance with Article 6;

### Amendment 4

#### Proposal for a regulation

##### Article 5 – paragraph 1 – point b

*Text proposed by the Commission*

(b) for actions reinforcing the Ukrainian DTIB: *the amount of the* additional contributions in accordance with Article 6 to the extent earmarked, subject to the conclusion of the agreement referred to in Article 57.

*Amendment*

(b) for actions reinforcing the Ukrainian DTIB: *at least EUR 5 000 million in* additional contributions *provided by the Member States* in accordance with Article 6 to the extent earmarked, subject to the conclusion of the agreement referred to in Article 59.

### Amendment 5

#### Proposal for a regulation

##### Article 5 – paragraph 1 – subparagraph 1a (new)

*Text proposed by the Commission*

*Amendment*

***The Member States contributions under points (a) (ii) and (b) of the first subparagraph may originate from the use of financial assistance received under the Security Action for Europe (SAFE) instrument, subject to the conditions set out in the relevant provisions of Regulation (EU) XXXX/XXXX, or any other national source.***

## **Amendment 6**

### **Proposal for a regulation**

#### **Article 6 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. With the aim of reaching the additional amounts referred to in Article 5(1), point (a)(ii), and in Article 5(1), point (b), the Member States may contribute to the instrument in the form of additional financial contributions referred to in paragraph 1 pro rata to the relative share of each contributing Member State in the gross national income of the Union. The Commission shall conclude agreements with the contributing Member States setting out the payment conditions.***

## **Amendment 7**

### **Proposal for a regulation**

#### **Article 6 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

3. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council<sup>6</sup>. The

3. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council . The

Commission shall implement those resources directly in accordance with Article 62(1), point (a) of the first subparagraph, of the Regulation (EU, Euratom) No 2018/1046 or indirectly in accordance with point (c) of that subparagraph. They shall be added to the resources referred to in Article 5(3), point (a). Those resources shall be used for the benefit of the Member State concerned.

Commission shall implement those resources directly in accordance with Article 62(1), point (a) of the first subparagraph, of the Regulation (EU, Euratom) No 2018/1046 or indirectly in accordance with point (c) of that subparagraph. They shall be added to the resources referred to in Article 5(3), point (a). Those resources shall be used for the benefit of the Member State concerned. ***These contributions shall not count towards the Member States' proportional share under Article 5(1), point (a)(ii) and in Article 5(1), point (b)***

## Amendment 8

### Proposal for a regulation Article 6 – paragraph 4

#### *Text proposed by the Commission*

4. Where the Commission has not entered into a legal commitment under direct or indirect management for resources transferred in accordance with paragraph 3 and at the latest in the year 2028, the corresponding uncommitted resources may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and of the Council.

#### *Amendment*

4. Where the Commission has not entered into a legal commitment under direct or indirect management for resources transferred in accordance with paragraph 3 and at the latest in the year 2028, the corresponding uncommitted resources may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and of the Council. ***The Commission shall inform the Parliament and the Council of any transfers, returns or reallocations carried out under this paragraph***

## Amendment 9

### Proposal for a regulation Article 6 – paragraph 4 a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***4a. The Commission shall report***

*annually to the Parliament and to the Council on the implementation of contributions under Article 6, including the amount received from each Member State, and its allocation to each Programme objectives*

**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPOREUR FOR BUDGETARY ASSESSMENT HAS  
RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur for budgetary assessment declares that he received input from the following entities or persons in the preparation of the budgetary assessment, prior to the adoption thereof in committee:

<b>Entity and/or person</b>
Airbus

The list is drawn up under the exclusive responsibility of the rapporteur for budgetary assessment.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur for budgetary assessment declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

## PROCEDURE – COMMITTEE ASKED FOR BUDGETARY ASSESSMENT

<b>Title</b>	European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')
<b>References</b>	COM(2024)0150 – C10-0005/2024 – 2024/0061(COD)
<b>Committee(s) responsible</b>	SEDE                      ITRE
Date announced in plenary	BUDG 13.11.2024
<b>Rapporteur for budgetary assessment</b> Date appointed	Jean-Marc Germain 23.7.2024
<b>Rule 59 – Joint committee procedure</b> Date announced in plenary	13.11.2024
<b>Discussed in committee</b>	31.3.2025
<b>Date adopted</b>	10.4.2025
<b>Result of final vote</b>	+:                      21 -:                      7 0:                      2
<b>Members present for the final vote</b>	Angéline Furet, Thomas Geisel, Jean-Marc Germain, Monika Hohlmeier, Fabienne Keller, Victor Negrescu, Danuše Nerudová, Bogdan Rzońca, Julien Sanchez, Hélder Sousa Silva, Nils Ušakovs, Lucia Yar, Auke Zijlstra
<b>Substitutes present for the final vote</b>	Stine Bosse, Mohammed Chahim
<b>Members under Rule 216(7) present for the final vote</b>	Maravillas Abadía Jover, François-Xavier Bellamy, Marie-Luce Brasier-Clain, Jaroslav Bžoch, Stefano Cavedagna, Daniel Freund, Michael Gahler, Sérgio Humberto, Javier Moreno Sánchez, Nicolás Pascual de la Parte, Lúcia Pereira, Pina Picierno, André Rodrigues, Davor Ivo Stier, Séverine Werbrouck

**FINAL VOTE BY ROLL CALL  
IN COMMITTEE ASKED FOR BUDGETARY ASSESSMENT**

21	+
PPE	Maravillas Abadía Jover, François-Xavier Bellamy, Michael Gahler, Monika Hohlmeier, Sérgio Humberto, Danuše Nerudová, Nicolás Pascual de la Parte, Lídia Pereira, Hélder Sousa Silva, Davor Ivo Stier
Renew	Stine Bosse, Fabienne Keller, Lucia Yar
S&D	Mohammed Chahim, Jean-Marc Germain, Javier Moreno Sánchez, Victor Negrescu, Pina Picierno, André Rodrigues, Nils Ušakovs
Verts/ALE	Daniel Freund

7	-
ECR	Bogdan Rzońca
NI	Thomas Geisel
PfE	Marie-Luce Brasier-Clain, Angéline Furet, Julien Sanchez, Séverine Werbrouck, Auke Zijlstra

2	0
ECR	Stefano Cavedagna
PfE	Jaroslav Bžoch

Key to symbols:

+ : in favour

- : against

0 : abstention

15.4.2025

## OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Security and Defence and the Committee on Industry, Research and Energy

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 ('EDIP')  
(COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))

Rapporteur for opinion: Hilde Vautmans

### AMENDMENTS

The Committee on Foreign Affairs submits the following to the Committee on Security and Defence and the Committee on Industry, Research and Energy, as the committees responsible:

#### Amendment 1

##### Proposal for a regulation

##### Recital 7

*Text proposed by the Commission*

(7) The damage from Russia's war of aggression to the Ukrainian economy, society and infrastructure, and in particular damage caused to the Ukraine defence technological and industrial base (Ukrainian DTIB) require comprehensive support to rebuild the latter. This is essential in order to provide the capacity to the Ukrainian State to maintain its essential functions and allow the fast recovery, reconstruction and modernisation of the country and foster its integration into the European Defence Equipment Market. A strong Ukrainian DTIB is vital for Ukraine's long-term security as well as its

*Amendment*

(7) The damage from Russia's war of aggression to the Ukrainian economy, society and infrastructure, and in particular damage caused to the Ukraine defence technological and industrial base (Ukrainian DTIB) require comprehensive support to rebuild the latter. This is essential in order to provide the capacity to the Ukrainian State to maintain its essential functions and allow the fast recovery, reconstruction and modernisation of the country and foster its integration into the European Defence Equipment Market. A strong Ukrainian DTIB is vital for Ukraine's long-term security as well as its reconstruction. ***By delivering for more***

reconstruction.

*than three years critical capabilities to support Ukraine's defence against Russia's war of aggression, the Ukrainian DTIB has already proven to be extremely innovative and resilient. According to the Ukrainian ministry of defence, its production capacities are currently significantly underutilised. This instrument should hence incentivise Member States to seek active cooperation with the Ukrainian DTIB not only to ramp up the support to Ukraine, but also to cooperate in defence planning for the joint future ahead.*

## Amendment 2

### Proposal for a regulation

#### Recital 9

##### *Text proposed by the Commission*

(9) Russia must be held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine, which constitutes a blatant violation of the Charter of the United Nations. The Union and its Member States should, in close cooperation with other international partners, continue to work towards this goal, in accordance with Union and international law, taking into account Russia's serious breach of the prohibition on the use of force enshrined in Article 2(4) of the Charter of the United Nations and the principle of State responsibility for internationally wrongful acts, including the obligation to compensate for the financially assessable damage caused. It is important that, inter alia, progress is made, in coordination with international partners, on how extraordinary revenues held by private entities stemming directly from immobilised Russian assets could be directed to support Ukraine, including its defence technological and industrial base, in a manner that is consistent with

##### *Amendment*

(9) Russia must be held fully accountable and pay for the massive damage caused by its war of aggression against Ukraine, which constitutes a blatant violation of the Charter of the United Nations. The Union and its Member States should, in close cooperation with other international partners, continue to work towards this goal, in accordance with Union and international law, taking into account Russia's serious breach of the prohibition on the use of force enshrined in Article 2(4) of the Charter of the United Nations and the principle of State responsibility for internationally wrongful acts, including the obligation to compensate for the financially assessable damage caused. It is important that, inter alia, progress is made, in coordination with international partners, on how extraordinary revenues held by private entities stemming directly from immobilised Russian assets could be directed to support Ukraine, including its defence technological and industrial base, in a manner that is consistent with

applicable contractual obligations and in accordance with Union and international law. If the Council were to adopt a CFSP decision under Article 29 TEU upon a proposal by the High Representative to transfer to the Union extraordinary cash balances of central securities depositories arising from the unexpected and extraordinary revenues from Russia's immobilised sovereign assets, such additional support *could* be drawn from these revenues, in line with the objectives of the Union's Common Foreign and Security Policy.

applicable contractual obligations and in accordance with Union and international law. If the Council were to adopt a CFSP decision under Article 29 TEU upon a proposal by the High Representative to transfer to the Union extraordinary cash balances of central securities depositories arising from the unexpected and extraordinary revenues from Russia's immobilised sovereign assets, such additional support *should* be drawn from these revenues, in line with the objectives of the Union's Common Foreign and Security Policy. *Furthermore, legal pathways to use Russian immobilised sovereign assets for the reinforcement of Ukraine and its DTIB should be urgently assessed and wherever possible used.*

### Amendment 3

#### Proposal for a regulation Recital 54 a (new)

*Text proposed by the Commission*

*Amendment*

*(54a) As part of the objective to ensure security of supply, the Programme should take into account the need for a stronger cooperation with Western Balkan countries in the area of defence industries and should include procurement of military equipment from Western Balkan countries, thus enabling access to high-quality defence equipment.*

### Amendment 4

#### Proposal for a regulation Recital 54 b (new)

*Text proposed by the Commission*

*Amendment*

*(54b) It is appropriate that representatives of the Ukrainian Defence Ministry will be invited as observers in relevant Council and Committee meetings concerning the implementation of the*

*Ukraine Support Instrument. This should ensure alignment with Ukraine's defence needs and the Union's strategic priorities. Where appropriate, the Verkhovna Rada should be informed at the same level as the European Parliament.*

**Amendment 5**  
**Proposal for a regulation**  
**Recital 54 c (new)**

*Text proposed by the Commission*

*Amendment*

*(54c) Upon the signature of the appropriate framework agreements, the Programme should include the United Kingdom, Moldova and the Western Balkan countries since the security of the Union depends on the security of its closest neighbourhood. Moreover, an inclusion of those countries in the Programme would strengthen their alignment with the CSDP.*

**Amendment 6**  
**Proposal for a regulation**  
**Article 1 – paragraph 1 – introductory part**

*Text proposed by the Commission*

*Amendment*

This Regulation establishes a budget and lays down a set of measures aimed at supporting defence industry readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of defence products and at contributing to the recovery, reconstruction **and** modernisation of the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB), in particular by means of the following:

This Regulation establishes a budget and lays down a set of measures aimed at supporting defence industry readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of defence products and at contributing to the recovery, reconstruction, modernisation of **and mutually beneficial development of technologies with** the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB), in particular by means of the following:

**Amendment 7**  
**Proposal for a regulation**  
**Article 1 – paragraph 1 – point 2**

*Text proposed by the Commission*

(2) the establishment of a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the ‘Ukraine Support Instrument’);

*Amendment*

(2) the establishment of a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the ‘Ukraine Support Instrument’) **and the mutual transfer of competence and technologies**;

**Amendment 8**  
**Proposal for a regulation**  
**Article 2 – paragraph 1 – point 23 a (new)**

*Text proposed by the Commission*

*Amendment*

**(23a) ‘regional cluster’ means structured cooperation framework formed by at least four eligible countries (member states, candidate countries and potential candidate countries), including at least three member states, with a common geographical proximity, jointly specialising in a specific defence industrial production, and established with the objective of achieving economies of scale, reducing thereby redundant national expenditures, fostering knowledge sharing and cross-border industrial synergies;**

**Amendment 9**  
**Proposal for a regulation**  
**Article 3 – paragraph 2 – point b**

*Text proposed by the Commission*

(b) the characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-

*Amendment*

(b) the characteristics of the cooperation which are likely to give rise to **the creation of regional clusters**, greater

term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;

interoperability outcomes and long-term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;

## **Amendment 10**

### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) initiating and speeding up the adjustment of industry to structural changes, including through the creation and ramp-up of its manufacturing capacities and the opening of the supply chains for cross-border cooperation and effective availability and supply throughout the Union, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps;

*Amendment*

(a) initiating and speeding up the adjustment of industry to structural changes, including through ***the creation of regional clusters***, the creation and ramp-up of its manufacturing capacities and the opening of the supply chains for cross-border cooperation and effective availability and supply throughout the Union, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps;

## **Amendment 11**

### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

***(ba) support Ukraine in increasing the manufacturing of most relevant and urgent defence products ensuring rapid and targeted assistance in response to the ongoing crisis to support Ukraine as long as the war persists on its territory;***

## **Amendment 12**

### **Proposal for a regulation**

#### **Article 5 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) for actions reinforcing the Ukrainian DTIB: ***the amount of the additional contributions*** in accordance with Article 6 to the extent earmarked, subject to the conclusion of the agreement referred to in Article 57.

*Amendment*

(b) for actions reinforcing the Ukrainian DTIB ***by providing:***

- i. an extra EUR 1 billion in current prices for the period until 31 December 2027 from the Union budget, and***
- ii. EUR 16,95 billion in current prices as grants from the Union to Ukraine, derived from the overall budget of the European Commission's proposal for a Council Regulation establishing the Security Action for Europe (SAFE) through the reinforcement of European defence industry Instrument, accounting for 11,3% of its overall budget, for the period from [... - insert a specific date] until 31 December 2027*** in accordance with Article 6 to the extent earmarked, subject to the conclusion of the agreement referred to in Article 57.

**Amendment 13**  
**Proposal for a regulation**  
**Article 10 – paragraph 3**

*Text proposed by the Commission*

3. The infrastructure, facilities, assets and resources of the recipients which are used for the purposes of the action shall be located on the territory of a Member State or of an associated country. Where recipients have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated country, they may use their infrastructure, facilities, assets and resources which are located or held outside the territory of the Member States or of the associated countries, provided that such use does not contravene the security and

*Amendment*

3. The infrastructure, facilities, assets and resources of the recipients which are used for the purposes of the action shall be located on the territory of a Member State or of an associated country. Where recipients have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated country, they may use their infrastructure, facilities, assets and resources which are located or held outside the territory of the Member States or of the associated countries, provided that such use does not contravene the security and

defence interests of the Union and the Member States and is consistent with the objectives set out in Article 4.

defence interests of the Union and the Member States ***and respects the principle of good neighbourly relations***, and is consistent with the objectives set out in Article 4.

**Amendment 14**  
**Proposal for a regulation**  
**Article 12 – paragraph 7 – subparagraph 1**

*Text proposed by the Commission*

The common procurement contract shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries or Ukraine.

*Amendment*

The common procurement contract shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries, ***Moldova, the Western Balkan countries, the United Kingdom*** or Ukraine ***if and once the necessary framework agreements have been signed.***

**Amendment 15**

**Proposal for a regulation**  
**Article 20 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. Actions supported under the Ukraine Support Instrument, in particular actions in Article 12 and 13, shall primarily aim at scaling-up direct investment into Ukraine industrial defence capacities and increasing procurement of defence capacities produced in Ukraine.***

**Amendment 16**

**Proposal for a regulation**  
**Article 20 – paragraph 4 a (new)**

*Text proposed by the Commission*

*Amendment*

***4a. The Ukraine Support Instrument shall facilitate the coordinated scale-up of***

*Ukraine's defence industrial capacity,  
inspired by the Danish Model.*

**Amendment 17**  
**Proposal for a regulation**  
**Article 20 – paragraph 4 b (new)**

*Text proposed by the Commission*

*Amendment*

**4b.** *A dedicated financial allocation shall be established within the Ukraine Support Instrument to ensure sustained investment in Ukraine's defence production capacity, including through targeted financial instruments.*

**Amendment 18**  
**Proposal for a regulation**  
**Article 20 – paragraph 4 c (new)**

*Text proposed by the Commission*

*Amendment*

**4c.** *To mitigate investment risks, the Programme shall support financial protection mechanisms, including war-risk insurance, for critical defence industrial projects in Ukraine.*

**Amendment 19**  
**Proposal for a regulation**  
**Article 20 – paragraph 4 d (new)**

*Text proposed by the Commission*

*Amendment*

**4d.** *The Programme shall ensure that the mutual transfer of knowledge in the area of R&D is mutually beneficial and is based on a special relationship between the Union and Ukraine as a candidate country. Joint projects shall primarily favour bilateral Union-Ukrainian transfer of knowledge, technologies and IP-rights over other third countries.*

**Amendment 20**  
**Proposal for a regulation**  
**Article 21 – paragraph 4**

*Text proposed by the Commission*

4. For the purposes of an action supported by the Ukraine Support Instrument, the recipients shall not be subject to control by a third country or by a third-country entity.

*Amendment*

4. For the purposes of an action supported by the Ukraine Support Instrument, the recipients shall not be subject to control by a third country or by a third-country entity ***unless it is an associated third country.***

**Amendment 21**

**Proposal for a regulation**  
**Article 21 – paragraph 5 – subparagraph 2 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

***(ba) ‘design authority’, at both the systems and component level, means the entity that has the legal authority and the ability to decide, without restrictions by non-associated countries or by non-associated country entities, on the definition, adaptation and evolution of the product’s design, including the legal authority to substitute or disintegrate the components subject to restriction by non-associated countries or by non-associated country entities with alternative and restriction-free components originating in the Union, while taking into account the contributions of third country entities currently integrated into the transatlantic defence technological and industrial base.***

**Amendment 22**  
**Proposal for a regulation**  
**Article 21 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5a. Recipients shall ensure that all digital infrastructure, cloud services, data processing, and cybersecurity frameworks***

*used in actions under the Ukraine Support Instrument comply with Union security standards and be interoperable with Union defence products and systems. Recipients shall not rely on digital technologies, software, or networks that are subject to control by a third country or third-country entity, where such control may pose a risk to the security and defence interests of the Union and its Member States.*

**Amendment 23**  
**Proposal for a regulation**  
**Article 21 – paragraph 5 b (new)**

*Text proposed by the Commission*

*Amendment*

**5b.** *Any intellectual property, technology, or research and development (R&D) knowledge generated under this Programme shall primarily benefit Member States or be utilized in Ukraine to enhance its security and economic resilience. Such transfers shall not contradict Union security and defence interests nor be made available to third countries unless authorized by the Union through additional agreements or with its explicit consent.*

**Amendment 24**  
**Proposal for a regulation**  
**Article 21 – paragraph 6 – subparagraph 1**

*Text proposed by the Commission*

*Amendment*

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of Ukraine, or controlled by a third country or by a third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of Ukraine, or controlled by a third country or by a third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the *Union's*

and defence interests of the *Union and its Member States*. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article 11(8), point (c).

*open strategic autonomy*, security and defence interests. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article 11(8), point (c).

**Amendment 25**  
**Proposal for a regulation**  
**Article 51 – paragraph 1**

*Text proposed by the Commission*

1. Where the Council activates this measure in accordance with Article 48(4) and without prejudice to Directive 2009/43/EC and Member States' prerogatives under that Directive, Member States shall ensure that applications related to intra-EU transfers are processed in an efficient and timely manner. To that end, all national authorities concerned shall ensure that the treatment of an application does not exceed 2 working days.

*Amendment*

1. Where the Council activates this measure in accordance with Article 48(4) and without prejudice to Directive 2009/43/EC and Member States' prerogatives under that Directive, Member States shall ensure that applications related to intra-EU transfers *and transfers to Ukraine* are processed in an efficient and timely manner. To that end, all national authorities concerned shall ensure that the treatment of an application does not exceed 2 working days.

**Amendment 26**  
**Proposal for a regulation**  
**Article 51 – paragraph 3 – introductory part**

*Text proposed by the Commission*

3. Member States shall refrain from imposing restrictions to the transfer of defence-related products as defined in Article 2 of Directive 2009/43/EC within the Union. Where Member States impose such restrictions on grounds of security or defence, it shall be done only if those restrictions are:

*Amendment*

3. Member States shall refrain from imposing restrictions to the transfer of defence-related products as defined in Article 2 of Directive 2009/43/EC within the Union *and to Ukraine*. Where Member States impose such restrictions on grounds of security or defence, it shall be done only if those restrictions are:

**Amendment 27**  
**Proposal for a regulation**

## Article 58 – paragraph 2

*Text proposed by the Commission*

2. The EDA shall be invited to provide its views and expertise to the committee as an observer. The EEAS shall also be invited to assist in the work of the committee.

*Amendment*

2. The EDA shall be invited to provide its views and expertise to the committee as an observer. The EEAS **and, where relevant, Ukraine** shall also be invited to assist in the work of the committee.

## Amendment 28

### Proposal for a regulation

#### Article 58 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

**2a. The European Parliament can send observers to the committee.**

## Amendment 29

### Proposal for a regulation

#### Article 59 – paragraph 3 – introductory part

*Text proposed by the Commission*

*Amendment*

3. The framework agreement shall lay down the obligations of the Ukrainian authorities and bodies entrusted of budget implementation tasks to take all the necessary measures including legislative, regulatory and administrative measures to respect the principles of sound financial management, transparency and non-discrimination, to **ensure** the visibility of Union action when managing the Union funds, to fulfil the appropriate control and audit obligations and assume the resulting responsibilities, and to protect the financial interests of the Union, by, in particular, detailed enacting provisions concerning:

3. The framework agreement shall lay down the obligations of the Ukrainian authorities and bodies entrusted of budget implementation tasks to take all the necessary measures including legislative, regulatory and administrative measures to respect the principles of sound financial management, transparency and non-discrimination, to **enhance** the visibility of Union action when managing the Union funds, to fulfil the appropriate control and audit obligations and assume the resulting responsibilities, and to protect the financial interests of the Union, by, in particular, detailed enacting provisions concerning:

## Amendment 30

### Proposal for a regulation

#### Article 59 – paragraph 3 – point e a (new)

*Text proposed by the Commission*

*Amendment*

*(ea) other relevant rights of access and use of resources by the Union, its member states or entities acting on their behalf or in their interest on the territory of Ukraine;*

### **Amendment 31**

#### **Proposal for a regulation Article 64 a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 64a*

#### *Transparency*

*After having selected projects to receive funding in line with Article 5 (1), point (a) and (b), the Commission shall inform the Council and the European Parliament about the decision-making basis and reasons for the selection of the funded projects.*

**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur for the opinion declares under her exclusive responsibility that she did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')
<b>References</b>	COM(2024)0150 – C10-0005/2024 – 2024/0061(COD)
<b>Committee(s) responsible</b>	SEDE                      ITRE
<b>Opinion by</b> Date announced in plenary	AFET 12.3.2025
<b>Rapporteur for the opinion</b> Date appointed	Hilde Vautmans 18.3.2025
<b>Rule 59 – Joint committee procedure</b> Date announced in plenary	13.11.2024
<b>Date adopted</b>	9.4.2025
<b>Result of final vote</b>	+:                      54 –:                      16 0:                      4
<b>Members present for the final vote</b>	Mika Aaltola, Lucia Annunziata, Petras Auštrevičius, Jordan Bardella, Dan Barna, Wouter Beke, Robert Biedroń, Adam Bielan, Marc Botenga, Helmut Brandstätter, Sebastião Bugalho, Petr Bystron, Tobias Cremer, Özlem Demirel, Elio Di Rupo, Michael Gahler, Alberico Gambino, Geadis Gadi, Giorgos Georgiou, Raphaël Glucksmann, Christophe Gomart, Bernard Guetta, Hana Jalloul Muro, Rasa Juknevičienė, Rihards Kols, Andrey Kovatchev, Vilis Krištopans, Nathalie Loiseau, Reinhold Lopatka, Antonio López-Istúriz White, Jaak Madison, Marion Maréchal, Costas Mavrides, David McAllister, Vangelis Meimarakis, Sven Mikser, Francisco José Millán Mon, Arkadiusz Mularczyk, Hannah Neumann, Leoluca Orlando, Kostas Papadakis, Tonino Picula, Nacho Sánchez Amor, Mounir Satouri, Andreas Schieder, Alexander Sell, Davor Ivo Stier, Sebastiaan Stöteler, Stanislav Stoyanov, Marie-Agnes Strack-Zimmermann, Marta Temido, Riho Terras, Hermann Tertsch, Pierre-Romain Thionnet, Sebastian Tynkkynen, Reinier Van Lanschot, Roberto Vannacci, Hilde Vautmans, Nicola Zingaretti
<b>Substitutes present for the final vote</b>	Jaume Asens Llodrà, Pernando Barrena Arza, Jan Farský, Emmanouil Kefalogiannis, Merja Kyllönen, Ilhan Kyuchyuk, András László, Liudas Mažylis, Marco Tarquinio, Ingeborg Ter Laak, Matej Tonin, Ivaylo Valchev, Matthieu Valet, Thomas Waitz
<b>Members under Rule 216(7) present for the final vote</b>	Jüri Ratas, Adrián Vázquez Lázara, Annamária Vicsek

**FINAL VOTE BY ROLL CALL  
BY THE COMMITTEE ASKED FOR OPINION**

54	+
ECR	Adam Bielan, Alberico Gambino, Geadis Geadis, Rihards Kols, Jaak Madison, Arkadiusz Mularczyk, Sebastian Tynkkynen, Ivaylo Valchev
PPE	Mika Aaltola, Wouter Beke, Sebastião Bugalho, Jan Farský, Michael Gahler, Rasa Juknevičienė, Emmanouil Kefalogiannis, Andrey Kovatchev, Reinhold Lopatka, Antonio López-Istúriz White, David McAllister, Liudas Mažylis, Vangelis Meimarakis, Francisco José Millán Mon, Jüri Ratas, Davor Ivo Stier, Ingeborg Ter Laak, Riho Terras, Matej Tonin, Adrián Vázquez Lázara
Renew	Petras Auštrevičius, Dan Barna, Helmut Brandstätter, Bernard Guetta, Ilhan Kyuchyuk, Nathalie Loiseau, Marie-Agnes Strack-Zimmermann, Hilde Vautmans
S&D	Lucia Annunziata, Robert Biedroń, Tobias Cremer, Elio Di Rupo, Raphaël Glucksmann, Hana Jalloul Muro, Sven Mikser, Tonino Picula, Nacho Sánchez Amor, Andreas Schieder, Marta Temido, Nicola Zingaretti
The Left	Merja Kyllönen
Verts/ALE	Jaume Asens Llodrà, Hannah Neumann, Mounir Satouri, Reinier Van Lanschot, Thomas Waitz

16	-
ECR	Marion Maréchal
ESN	Petr Bystron, Alexander Sell, Stanislav Stoyanov
NI	Kostas Papadakis
PfE	Jordan Bardella, András László, Pierre-Romain Thionnet, Matthieu Valet, Roberto Vannacci, Annamária Vicsek
The Left	Pernando Barrena Arza, Marc Botenga, Özlem Demirel, Giorgos Georgiou
Verts/ALE	Leoluca Orlando

4	0
PfE	Vilis Krištopans, Sebastiaan Stöteler, Hermann Tertsch
S&D	Marco Tarquinio

Key to symbols:

+ : in favour

- : against

0 : abstention

9.4.2025

## **OPINION OF THE COMMITTEE ON BUDGETARY CONTROL**

for the Committee on Security and Defence and the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council on establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')  
(COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))

Rapporteur for opinion: Eero Heinäluoma

### **SHORT JUSTIFICATION**

The rapporteur underlines the urgent need to reinforce Europe's defence capacities, as demonstrated by Russia's war of aggression against Ukraine and the subsequent spotlight on critical shortfalls in the EU's defence preparedness.

The rapporteur considers that the proposed European Defence Industry Programme (EDIP) responds to Member States' calls for stronger, more coherent defence cooperation.

Nonetheless, the rapporteur also stresses that, while a good starting point, this short-term measure must evolve into a longer-term funding solution to address structural weaknesses in the European Defence Technological and Industrial Base (EDTIB), commensurate in size to the challenges posed by the European threat landscape.

Building on the Budgetary Control Committee's previous work on EDIRPA and on the European Court of Auditors' (ECA) recent Opinion on the proposal and their and Special report 04/2025 "EU military mobility – Full speed not reached due to design weaknesses and obstacles en route", the rapporteur underlines three core priorities from a budgetary control standpoint, to ensure that EDIP meets its objectives effectively and transparently.

Firstly, the choice and mix of forms of Union contributions demand rigorous scrutiny. While financing not linked to costs can speed up disbursements, the experience with similar delivery models, such as under the Recovery and Resilience Facility, shows that ambiguous milestones, weak audit trails, and uncertain corrective mechanisms risk undermining accountability. Consequently, EDIP should allow for diverse funding methods, including reimbursements of actual costs and simplified cost options, thereby mitigating risks of overcompensation and ensuring robust ex post verifications.

Secondly, EDIP's success relies on the clear definition of objectives, milestones, and award criteria in the work programmes. Ensuring that EDIP concentrates on projects best responding to the current European threat landscape and with demonstrable EU added value, such as joint procurement, coordinated military mobility upgrades, and supply chain resilience, will

strengthen cost-effectiveness and mitigate fragmentation. The cost-effectiveness of Union funding is likewise ensured by a competitive, fair and open European common market for defence with a level playing field for suppliers across the Union, involving in particular, SMEs, start-ups, small mid-caps and other mid-caps. Equally important is the inclusion of well-defined risk mitigation and anti-corruption provisions, particularly when funding actions in partnership with third countries, such as Ukraine.

Lastly, the protection of the Union's financial interests must be embedded in every stage of EDIP's design and implementation. This includes providing OLAF, the EPPO, and the Court of Auditors access to audit documentation and on-site checks. At the same time, dedicated monitoring tools, such as such as a robust Risk Management Plan should help deter fraud and detect irregularities early.

The rapporteur regrets the Commission's decision to propose EDIP without a full ex ante impact assessment, which remains a critical component of sound financial management. Nonetheless, by incorporating stronger accountability measures, diverse funding mechanisms, and transparent reporting, the rapporteur considers that the Programme can achieve its immediate objectives of enhancing Europe's defence readiness while laying the groundwork for a sustainable industrial base beyond 2027. The rapporteur considers that the amendments proposed, including these targeted improvements, would enable EDIP to serve effectively as the main vehicle for delivering on the European Defence Industrial Strategy's overarching aim - a more secure and autonomous Europe.

## AMENDMENTS

The Committee on Budgetary Control submits the following to the Committee on Security and Defence and the Committee on Industry, Research and Energy, as the committees responsible:

### Amendment 1

#### Proposal for a regulation

##### Recital 2

*Text proposed by the Commission*

(2) The long-term deterioration of regional and global threat levels requires a step-change in the scale and speed with which Europe's defence technological and industrial base (EDTIB) can develop and produce the full spectrum of military capabilities. The return of high-intensity warfare and territorial conflict to Europe has a negative impact on the security of the Union and the Member States and requires a significant increase in the capacity of

*Amendment*

(2) The long-term deterioration of regional and global threat levels requires a step-change in the scale and speed with which Europe's defence technological and industrial base (EDTIB) can develop and produce the full spectrum of military capabilities. The return of high-intensity warfare and territorial conflict to Europe has a negative impact on the security of the Union and the Member States and requires a significant increase in the capacity of

Member States to reinforce their defence capabilities.

Member States to reinforce their defence capabilities *and their financing of defence and security*.

*Justification*

*The Parliament has repeatedly called for EU Member States to increase their defence and security financing to new levels, most recently in its resolution of 12 March 2025 on the white paper on the future of European defence (2025/2565(RSP)).*

**Amendment 2**

**Proposal for a regulation**  
**Recital 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***(2a) Similarly, the geopolitical context and the European threat landscape require reinforced efforts for the operationalisation of the Union's mutual assistance clause, Article 42(7) of the Treaty on European Union (TEU), in order to ensure solidarity among Member States, particularly those whose geographical position leaves them directly exposed to imminent threats and challenges.***

*Justification*

*In line with the Parliament's call in its resolution of 12 March 2025 on the white paper on the future of European defence (2025/2565(RSP))*

**Amendment 3**

**Proposal for a regulation**  
**Recital 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***(5 a) The increasing importance of the European Union in defence matters should be mirrored by an adequate level of democratic scrutiny and oversight to ensure responsible allocation of funds***

*and support from Union citizens. As a consequence, this Regulation should enable a proper level of Parliamentary oversight, from the European Parliament and, where relevant from national parliaments, in particular with a view to protect adherence to European values and standards, budgetary oversight, and due respect of fundamental rights;*

#### **Amendment 4**

##### **Proposal for a regulation Recital 5 a (new)**

*Text proposed by the Commission*

*Amendment*

*(5a) In order to address the European threat landscape and the structural changes required by the European Defence Technological and Industrial Base (EDTIB), the short-term scope of this Regulation should be complemented by a long-term funding strategy beyond the 2021-2027 multiannual financial framework, commensurate in size with the challenges faced by the Union. Such a perspective would align with the European Defence Industrial Strategy (EDIS) objective of increasing defence readiness in the EU by 2030, while allowing for a sustained and stable investment horizon.*

#### *Justification*

*The amendment reflects the ECA's observation (Opinion, 15) that a 2-year time horizon (2026–2027) may not be commensurate with the structural, multiannual nature of strengthening the EU's defence industrial base. Recommends a strategy in view of the next MFF.*

#### **Amendment 5**

##### **Proposal for a regulation Recital 6 a (new)**

*Text proposed by the Commission*

*Amendment*

***(6 a) In view of the urgent operational requirements and critical ammunition shortfalls, EDIP shall prioritize actions aimed at increasing the EU's production capacities, including common procurement schemes and coordinated investment in industrial ramp-up.***

## **Amendment 6**

### **Proposal for a regulation**

#### **Recital 8 a (new)**

*Text proposed by the Commission*

*Amendment*

***(8a) In line with the European Parliament's repeated calls for robust support to Ukraine, all Member States and NATO allies, and, where relevant, associated countries should collectively and individually commit to supporting Ukraine militarily, with no less than 0.25 percent of their GDP annually. The Programme should facilitate and incentivise these efforts, while ensuring full transparency and accountability.***

#### *Justification*

*In line with the Parliament's call in its resolution of 12 March 2025 on the white paper on the future of European defence (2025/2565(RSP)).*

## **Amendment 7**

### **Proposal for a regulation**

#### **Recital 14 a (new)**

*Text proposed by the Commission*

*Amendment*

***(14 a) In light of the magnitude of investment needs in defence and the comparatively modest size of the Programme, the mobilisation of private funding for the European defence industry is crucial to meet the challenges***

*posed by the threat environment on the Union. The Programme should therefore be complemented by measures aimed at mobilising private investment in the European defence industry, including through blending instruments and supporting the European Investment Bank's efforts in the area of security and defence; welcomes, in this regard, the decision of the EIB Board of Directors on 21 March 2025 to expand the Bank's eligibilities for financing Europe's security and defence industry and infrastructure, by ensuring that excluded activities are as limited as possible in scope; welcomes, further, the integration of the EIB's existing EUR 8 billion Strategic European Security Initiative (SESI) into a cross-cutting and permanent public policy goal and the removal of a predefined ceiling for financing in this area.*

## **Amendment 8**

### **Proposal for a regulation Recital 19 a (new)**

*Text proposed by the Commission*

*Amendment*

*(19a) Recognising that military mobility is a key enabling factor for European defence, the European Defence Industry Programme (EDIP) should be implemented in coherence with the EU Action Plan on Military Mobility 2.0, relevant provisions of the Connecting Europe Facility, NATO and inter-governmental mobility activities and national mobility programmes. Where appropriate, actions under the Programme should complement dual-use infrastructure projects or other initiatives fostering swift and seamless movement of forces within and beyond the EU.*

## **Amendment 9**

### **Proposal for a regulation Recital 19 b (new)**

*Text proposed by the Commission*

*Amendment*

***(19b) Front-loading of funds under other Union instruments such as the military mobility envelopes of the Connecting Europe Facility has highlighted the risk of protracted intervals until the next multiannual financial framework. The Programme should, where possible, complement or fill funding gaps for dual-use infrastructure in strategic regions where projects best respond to the European threat landscape, especially if no calls are foreseen under existing transport programmes during the remainder of the 2021-2027 period. This ensures stable, predictable EU support for critical military mobility needs and helps maintain accumulated expertise among beneficiaries.***

## **Amendment 10**

### **Proposal for a regulation Recital 21 a (new)**

*Text proposed by the Commission*

*Amendment*

***(21a) To ensure consistent and transparent use of financing not linked to costs, the Commission should define robust methodologies for setting and verifying milestones and targets, avoiding overcompensation, and ensuring compliance with Union and national rules. In particular, clarity is needed when establishing the cost basis for calculating profits, maximum EU funding rates, and the exclusion of double financing.***

## *Justification*

*The amendment addresses ECA's concerns (Opinion, 26–29) that the Commission should clarify how financing not linked to costs will be implemented, including methodology for profit assessments, cost basis, synergy with other funding.*

### **Amendment 11**

#### **Proposal for a regulation**

#### **Recital 24**

##### *Text proposed by the Commission*

(24) When assessing proposals submitted by applicants, the Commission should pay particular attention to their contribution to the objectives of the Programme. The proposals should be assessed, in particular, against their contribution to the increase in defence industrial readiness, in particular increasing production capacities and eliminating bottlenecks. They should also be assessed against their contribution to fostering defence industrial resilience, by reference to considerations such as timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular to those Member States most exposed to the risk of materialisation of conventional military threats. Assessments should also refer to the contribution to defence industrial cooperation through genuine armament cooperation among Member States, associated countries and Ukraine and the development and the operationalisation of cross-border cooperation of undertakings, in particular, ***to a significant extent***, small and medium-sized enterprises (SMEs) and small middle capitalization companies (small mid-caps) operating in the supply chains concerned.

##### *Amendment*

(24) When assessing proposals submitted by applicants, the Commission should pay particular attention to their contribution to the objectives of the Programme. The proposals should be assessed, in particular, against their contribution to the increase in defence industrial readiness, in particular increasing production capacities and eliminating bottlenecks. They should also be assessed against their contribution to fostering defence industrial resilience, by reference to considerations such as timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular to those Member States most exposed to the risk of materialisation of conventional military threats. Assessments should also refer to the contribution to defence industrial cooperation through genuine armament cooperation among Member States, associated countries and Ukraine and the development and the operationalisation of cross-border cooperation of undertakings, in particular small and medium-sized enterprises (SMEs) and small middle capitalization companies (small mid-caps) operating in the supply chains concerned.

## **Amendment 12**

### **Proposal for a regulation Recital 27 a (new)**

*Text proposed by the Commission*

*Amendment*

***(27a) In order to ensure that the financial interests of the Union are protected when actions involve Ukrainian entities, it is vital to put in place clear anti-fraud measures, robust internal controls, and external scrutiny. The Commission should cooperate closely with Ukrainian authorities to counter corruption and secure transparency. Where appropriate, the Union may support Ukraine’s administrative capacity to implement adequate control and audit systems.***

## **Amendment 13**

### **Proposal for a regulation Recital 27 b (new)**

*Text proposed by the Commission*

*Amendment*

***(27b) The sensitivity and complexity of defence-related projects, as well as the large scale of funding allocated to Ukraine, heighten the risk of fraud and irregularities. A dedicated Risk Management Plan is crucial to safeguard the financial interests of the Union by ensuring thorough risk assessments and robust controls.***

## **Amendment 14**

### **Proposal for a regulation Recital 47 a (new)**

*Text proposed by the Commission*

*Amendment*

***(47a) With a view to fostering a competitive, fair and open common***

*European market for defence, the Programme should be complemented by measures aimed at ensuring a level playing field and at opening supply chains for suppliers across the Union, involving in particular SMEs, start-ups and mid-capitalisation companies.*

## **Amendment 15**

### **Proposal for a regulation**

#### **Article 3 – paragraph 1**

*Text proposed by the Commission*

1. Grants may take the form of financing not linked to costs, pursuant to Article 180(3) of Regulation (EU, Euratom) 2018/1046.

*Amendment*

1. Grants may take the form of financing not linked to costs, pursuant to Article 180(3) of Regulation (EU, Euratom) 2018/1046. ***Where grants are awarded under this Regulation, the Commission may also use simplified cost options or reimbursements of eligible costs actually incurred, duly justifying in the work programmes the choice of delivery model for each grant.***

*Justification*

*This amendment avoids an exclusive reliance on financing not linked to costs by providing for other forms of grants recognized by the Financial Regulation (cost-based, lump sums, unit costs, etc.). It addresses concerns that an excessive reliance on FNLTC can limit transparency, hamper milestone verification, or complicate ex-post audits.*

## **Amendment 16**

### **Proposal for a regulation**

#### **Article 3 – paragraph 3 a (new)**

*Text proposed by the Commission*

*Amendment*

***3a. The Commission shall establish specific accountability and anti-corruption provisions tailored to the Ukrainian context. These provisions shall include, at a minimum, clear eligibility rules and additional award criteria***

*reflecting the objectives of reconstruction, recovery, and alignment with the Union's acquis; enhanced anti-fraud and anti-corruption checks, including a detailed risk assessment for projects implemented via financing not linked to costs; requirements for monitoring project implementation, verifying end-use, and disclosing subcontractors; and reporting obligations specifying performance and financial data to be collected from beneficiaries under the Ukraine Support Instrument.*

#### *Justification*

*Addresses the ECA's recommendation (Opinion, 19, 48) that Ukraine-specific actions face a heightened corruption risk and must include additional accountability arrangements beyond those applied to Member States.*

#### **Amendment 17** **Proposal for a regulation** **Article 4 – paragraph 1 – point a**

##### *Text proposed by the Commission*

(a) initiating and speeding up the adjustment of industry to structural changes, including through the creation and ramp-up of its manufacturing capacities ***and the opening of the*** supply chains for cross-border cooperation and effective availability and supply throughout the Union, ***involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps;***

##### *Amendment*

(a) initiating and speeding up the adjustment of industry to structural changes, including through the creation and ramp-up of its manufacturing capacities, ***with particular attention to cross-border readiness and enhanced military mobility targets, and ensuring a level playing field, notably through fostering resilient EU-wide*** supply chains for cross-border cooperation and effective availability and supply throughout the Union, ***with a significant participation of SMEs, start-ups, and mid-caps across the Union;***

#### **Amendment 18** **Proposal for a regulation** **Article 4 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) incentivising cooperation in defence procurement in order to contribute to solidarity, prevent crowding-out effects, increase the effectiveness of public spending and reduce excessive fragmentation, ultimately leading to an increase in the standardisation of defence systems and greater interoperability.

*Amendment*

(b) incentivising cooperation in defence procurement, ***joint ventures and transfer of technologies*** in order to contribute to solidarity, prevent crowding-out effects, increase the effectiveness of public spending and reduce excessive fragmentation, ultimately leading to an increase in the standardisation of defence systems and greater interoperability.

#### **Amendment 19**

##### **Proposal for a regulation**

##### **Article 4 – paragraph 1 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

***(b a) strengthening the Union's and Member States' response to the current European threat landscape, in particular, their exposure to the risk of materialisation of threats to their security and sovereignty, including by facilitating the operationalisation of Article 42(7) of the Treaty on European Union (TEU), the Union's mutual assistance clause, to ensure solidarity among Member States, especially those whose geographical position leaves them directly exposed to imminent threats and challenges;***

#### **Amendment 20**

##### **Proposal for a regulation**

##### **Article 4 – paragraph 1 – point b b (new)**

*Text proposed by the Commission*

*Amendment*

***(b b) complementing critical dual-use infrastructure projects that contribute to rapid military mobility within and beyond EU territory, in line with the EU Military Mobility Action Plan;***

#### **Amendment 21**

**Proposal for a regulation**  
**Article 4 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1 a. enhance military mobility and dual-use infrastructure in islands and remote regions, particularly sea ports and airports, facilitating enhanced connectivity of geographically isolated Member States.***

**Amendment 22**  
**Proposal for a regulation**  
**Article 5 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

3. The amount referred to in paragraph 1 and 5 of this Article and the amounts of additional contributions referred to in Article 6 may also be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities, including price investigations and corporate information technology systems and platforms, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the Programme/other elements of the subject matter.

3. The amount referred to in paragraph 1 and 5 of this Article and the amounts of additional contributions referred to in Article 6 may also be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities, including price investigations and corporate information technology systems and platforms, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the Programme/other elements of the subject matter. ***The Commission may provide technical assistance or allocate part of the financial envelope to strengthen the administrative and audit capacity of Ukrainian authorities responsible for implementing, monitoring, controlling and supervising EDIP-funded actions, in particular for the prevention of fraud, corruption, misuse, conflicts of interest, and irregularities.***

## Amendment 23

### Proposal for a regulation

#### Article 8 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

**4a. Where the Programme or the Ukraine Support Instrument is implemented in indirect management, the delegation agreements shall include explicit reference to the European Court of Auditors' right of access to all documentation and premises related to the action.**

*Justification*

*Reflects ECA's recommendation (Opinion, 33) that delegation agreements uphold the ECA's audit rights to prevent accountability gaps.*

## Amendment 24

### Proposal for a regulation

#### Article 10 – paragraph 5 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

By way of derogation from paragraph 4, a legal entity established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient if the acquisition of its control by a non-associated third country or a non-associated third-country entity, has been subject to screening within the meaning of Regulation (EU) 2019/452 of the European Parliament and of the Council and, where necessary, to appropriate mitigation measures, taking into account the objectives set out in Article 4 of this Regulation, **or** if guarantees approved by the Member State or the associated country in which it is established in accordance with its national procedures are made available to the

By way of derogation from paragraph 4, a legal entity established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient if the acquisition of its control by a non-associated third country or a non-associated third-country entity, has been subject to screening within the meaning of Regulation (EU) 2019/452 of the European Parliament and of the Council and, where necessary, to appropriate mitigation measures, taking into account the objectives set out in Article 4 of this Regulation, **and** if guarantees approved by the Member State or the associated country in which it is established in accordance with its national procedures are made available to the

Commission.

Commission *and to the Member State that so requests.*

## **Amendment 25**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 2 – point b**

*Text proposed by the Commission*

(b) access by a non-associated third country or by a non-associated third-country entity to sensitive information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate;

*Amendment*

(b) access by a non-associated third country or by a non-associated third-country entity to sensitive information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate, *in accordance with national laws and regulations;*

## **Amendment 26**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 2 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

*(b a) (c) the ownership of intellectual property arising from actions referred to in Article 13(1), point (d), is not subject to restriction by a non-associated third country or a non-associated third-country entity nor transferred to entities established outside the territory of the Member States or of associated countries, without the approval of the Member State or the associated country in which the legal entity is established. Such approval shall not contravene the objectives set out in Article 4.*

## **Amendment 27**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 3**

*Text proposed by the Commission*

If considered to be appropriate by the Member State or the associated country in which the legal entity is established, additional guarantees may be provided.

*Amendment*

If considered to be appropriate by the Member State or the associated country in which the legal entity is established, additional guarantees may be provided.

*Any Member State may issue duly justified motivated comments to the Member State that provided guarantees if it considers that the security and defence interests of the Union and its Member States are at stake, including respect by the third country, controlling the entity, for the principle of good neighbourly relations.*

*The Member State responsible for providing guarantees shall take duly into consideration the comments of the Member State issuing comments and shall inform the said Member State and the Commission on its decision to proceed with the guarantees.*

**Amendment 28**

**Proposal for a regulation**

**Article 10 – paragraph 5 – subparagraph 4**

*Text proposed by the Commission*

The Commission shall inform the committee referred to in Article 57 of any legal entity considered to be eligible in accordance with this paragraph.

*Amendment*

*The Commission shall discuss with concerned Member States how to best address the risks identified.*

*The Commission shall issue a duly justified opinion addressed to the Member States concerned on the participation of the entity.*

The Commission shall inform the committee referred to in Article 57 *par.3* of any legal entity considered to be eligible in accordance with this paragraph *and the relevant guarantees provided by the responsible Member State as well as, the case may be, opinions of the Commission.*

**Amendment 29**  
**Proposal for a regulation**  
**Article 11 – paragraph 1**

*Text proposed by the Commission*

1. Only actions implementing the objectives set out in Article 4 shall be eligible for funding. An eligible action shall relate to one or more of the activities referred to in paragraph 2 to 5:

*Amendment*

1. Only actions implementing the objectives set out in Article 4 shall be eligible for funding. ***The Commission, together with the Member States, shall establish clear priority areas based on the European threat landscape and Member States' capability gaps, taking into account the urgency of needs identified by the Defence Industrial Readiness Board; the available budget envelope and potential impact at EU level; and the demonstrated additionality delivered by the action. Priority shall be given to actions that address critical capability gaps identified by Member States, foster joint procurement, and demonstrate clear EU added value in terms of interoperability, industrial cooperation, and cross-border supply chain integration.*** An eligible action shall relate to one or more of the activities referred to in paragraph 2 to 5:

**Amendment 30**

**Proposal for a regulation**  
**Article 11 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***2 a. Activities related to a streamline coordination between the EU, member states and other stakeholders, for instance by appointing a single point of contact as appropriate;***

**Amendment 31**

**Proposal for a regulation**  
**Article 11 – paragraph 3 – point a**

*Text proposed by the Commission*

(a) the optimisation, expansion, modernisation, upgrading or repurposing of existing, or the establishment of new, production capacities insofar as those components and raw materials are intended or used wholly for the production of defence products, in particular with a view to increasing production capacity or reducing lead production times, including on the basis of the procurement or acquisition of the requisite machine tools and any other necessary input;

*Amendment*

(a) the optimisation, expansion, modernisation, upgrading, ***converting of the current production capacities to defence production capacities***, or repurposing of existing, or the establishment of new, production capacities insofar as those components and raw materials are intended or used wholly for the production of defence products, in particular with a view to increasing production capacity or reducing lead production times, including on the basis of the procurement or acquisition of the requisite machine tools and any other necessary input;

**Amendment 32**

**Proposal for a regulation**

**Article 11 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5 a. The Commission shall ensure that any actions funded under the Programme for industrial readiness also consider the need for rapid logistical deployments, drawing on lessons from the implementation of the EU's Military Mobility Action Plan 2.0;***

**Amendment 33**

**Proposal for a regulation**

**Article 12 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5 a. Before executing any Union financial contribution under the Programme, the Commission shall consult the designated procurement agent concerning progress on contractual milestones. The procurement agent shall certify that the contractual timeframes, intermediate targets, and relevant***

*obligations have been met, so that the Commission can determine compliance with the conditions for payment. Procurement agents shall also apply a fair procedure in case of new potential common procurement to give the opportunity to participate in competitive tendering and procurement especially for SMEs, and start up, taking into account that in some Member States the majority of the defence equipment industry companies are SMEs.*

#### **Amendment 34**

##### **Proposal for a regulation Article 12 – paragraph 7 – subparagraph 1**

*Text proposed by the Commission*

The common procurement contract shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries or Ukraine.

*Amendment*

The common procurement contract shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries or Ukraine ***or the Republic of Moldova.***

#### **Amendment 35**

##### **Proposal for a regulation Article 12 – paragraph 7 – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. Before launching a common procurement procedure, the procurement agent shall also inform the associated countries, Ukraine and Moldova about the planned procedure and offer them the possibility of submitting a substantial request to the procurement agent for the purchase of additional quantities of defence products.***

#### **Amendment 36**

**Proposal for a regulation**  
**Article 15 – paragraph 2 – point c a (new)**

*Text proposed by the Commission*

*Amendment*

**(c a) consult the European Parliament.**

**Amendment 37**

**Proposal for a regulation**  
**Article 15 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

4. A European Defence Project of Common Interest shall involve at least **four** Member States. ***The European Commission shall be able, where relevant, to participate in the project.***

4. A European Defence Project of Common Interest shall involve at least **three** Member States.

**Amendment 38**  
**Proposal for a regulation**  
**Article 16 – paragraph 1 – point a**

*Text proposed by the Commission*

*Amendment*

(a) defence industrial readiness: contribution to competitiveness, increase production capacities, reduce lead times, eliminate bottlenecks thereby increasing interoperability and interchangeability;

(a) defence industrial readiness: contribution to competitiveness, increase ***production capacities, conversion of the production to defence*** production capacities, reduce lead times, eliminate bottlenecks thereby increasing interoperability and interchangeability ***in order to allow it to address the most critical capability gaps identified by the Member States;***

**Amendment 39**  
**Proposal for a regulation**  
**Article 16 – paragraph 1 – point c**

*Text proposed by the Commission*

*Amendment*

(c) defence industrial cooperation: fostering genuine armament cooperation among Member States, associated

(c) defence industrial cooperation: fostering genuine armament cooperation among Member States, associated

countries or Ukraine and development and operationalisation of cross-border cooperation between undertakings established in different Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain;

countries or Ukraine and development and operationalisation of cross-border cooperation between undertakings established in different Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, ***start-ups***, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain, ***while ensuring that supply chains are predominantly controlled by EU-based entities and that cooperation strengthens the EU's industrial sovereignty***;

**Amendment 40**  
**Proposal for a regulation**  
**Article 16 – paragraph 1 – point c a (new)**

*Text proposed by the Commission*

*Amendment*

***(c a) the proposal's contribution to strengthening the Union's and Member States' response to the current European threat landscape, in particular their exposure to the risk of materialisation of threats to their security and sovereignty, including by facilitating the operationalisation of Article 42(7) of the Treaty on European Union (TEU), the Union's mutual assistance clause to ensure solidarity among Member States, especially those whose geographical position leaves them directly exposed to imminent threats and challenges;***

**Amendment 41**  
**Proposal for a regulation**  
**Article 16 – paragraph 1 – point c b (new)**

*Text proposed by the Commission*

*Amendment*

***(c b) the proposal's coherence with the principles of a fair and open common European market for defence, allowing for a level playing field among contractors and subcontractors across the Union, together with a fair distribution of***

*EU funding across Member States and opening of supply chains to suppliers from all regions, without undue concentration in larger Member States or among dominant defence undertakings;*

#### **Amendment 42**

##### **Proposal for a regulation**

##### **Article 16 – paragraph 1 – point c c (new)**

*Text proposed by the Commission*

*Amendment*

*(cc) a demonstration of the  
additionality delivered by the proposal*

*Justification*

*The additionality delivered by a proposal should be taken into account in the awarding of funding in order to ensure the limited Union resources are spent most effectively, avoiding funding of projects which would advance even without EU financial support.*

#### **Amendment 43**

##### **Proposal for a regulation**

##### **Article 16 – paragraph 1 – point d**

*Text proposed by the Commission*

*Amendment*

(d) the quality of the implementation plan of the action, in particular measures to respect delivery lead times, including in terms of its processes and monitoring.

(d) the quality of the implementation plan of the action, in particular measures to **ramp up production capacities and** respect delivery lead times, including in terms of its processes and monitoring.

#### **Amendment 44**

##### **Proposal for a regulation**

##### **Article 16 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2a. The Commission shall align these criteria with the objectives defined in Articles 4 and 11, ensuring consistency in**

**terminology. “Defence industrial resilience” and “defence industrial cooperation” shall be clearly defined in the work programme, specifying relevant benchmarks for interoperability, standardisation, or cross-border supply-chain integration.**

#### *Justification*

*The ECA notes (Opinion, 43) that the terms “defence industrial resilience” and “defence industrial cooperation” are not spelled out. This helps avoid subjective interpretations.*

### **Amendment 45**

#### **Proposal for a regulation Article 17 – paragraph 1**

##### *Text proposed by the Commission*

1. By way of derogation from Article 190 of the Regulation (EU, Euratom) No 2018/1046, the Programme may finance up to 100 % of the eligible costs. However, for activities referred to in Article 11(3) the support from the Programme shall not exceed 35 % of the eligible costs.

##### *Amendment*

1. By way of derogation from Article 190 of the Regulation (EU, Euratom) No 2018/1046, the Programme may finance up to 100 % of the eligible costs. However, for activities referred to in Article 11(3) the support from the Programme shall not exceed 35 % of the eligible costs. ***Such derogation shall assess the risk of overcompensation, duplication of funding, and potential distortions to the internal market.***

### **Amendment 46**

#### **Proposal for a regulation Article 17 – paragraph 2 – point b a (new)**

##### *Text proposed by the Commission*

##### *Amendment*

***(b a) the Commission may provide technical assistance or allocate part of the financial envelope to strengthen the administrative and audit capacity of Ukrainian authorities responsible for implementing, monitoring, controlling and supervising EDIP-funded actions, in particular for the prevention of fraud,***

*corruption, misuse, conflicts of interest,  
and irregularities;*

#### **Amendment 47**

##### **Proposal for a regulation**

##### **Article 18 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2 a.** *The Commission shall ensure that administrative procedures for funding access are proportionate to company size and project scope, with a simplified application and reporting mechanism for SMEs, start-ups, and mid-caps.*

#### **Amendment 48**

##### **Proposal for a regulation**

##### **Article 18 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2a.** *Each work programme shall justify the choice of funding instrument(s) (e.g., financing not linked to costs, reimbursement of costs actually incurred, simplified cost options, lump sums). Where the Commission opts for financing not linked to costs, it shall specify the reasons for its suitability in comparison to other forms of financing; demonstrate how the milestones and targets ensure effective budgetary control; and describe the corrective mechanisms in cases of partial achievement of milestones.*

#### **Amendment 49**

##### **Proposal for a regulation**

##### **Article 23 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. A SEAP shall use standardised

2. A SEAP shall use standardised

procedures for initiating and managing cooperative defence programmes and shall respect any guidance or templates provided to it by the Commission, including guidelines on project management, funding, *and* reporting.

procedures for initiating and managing cooperative defence programmes and shall respect any guidance or templates provided to it by the Commission, including guidelines on project management, funding, reporting *and shall provide information necessary for budgetary control, fraud detection, or auditing by OLAF, the EPPO, the Court of Auditors, or any other competent EU or national authority, in compliance with Union law.*

## Amendment 50

### Proposal for a regulation Article 35 – paragraph 3 – subparagraph 2

#### *Text proposed by the Commission*

When duly justified by the extreme urgency of the situation the Commission may, by way of derogation from Article 172(1) of Regulation (EU, Euratom) 2018/1046, request the delivery of goods or services from the date on which the draft contracts resulting from the procurement carried out for the purposes of this Regulation are sent, which shall be no later than 24 hours as from the award.

#### *Amendment*

When duly justified by the extreme urgency of the situation the Commission may, by way of derogation from Article 172(1) of Regulation (EU, Euratom) 2018/1046, request the delivery of goods or services from the date on which the draft contracts resulting from the procurement carried out for the purposes of this Regulation are sent, which shall be no later than 24 hours as from the award. ***This derogation shall only apply where the Council has activated the “supply crisis state” (Article 44) or “security-related supply crisis state” (Article 48). The Commission shall justify in writing the urgency, expected duration, and scope of any procurement launched under this derogation, and regularly inform the European Parliament, the Council and the Court of Auditors.***

#### *Justification*

*ECA (Opinion, 49) flags that broad use of extreme urgency to start deliveries before contract finalization increases litigation risk. This amendment limits it to crisis states.*

## Amendment 51

**Proposal for a regulation**  
**Article 40 – paragraph 1**

*Text proposed by the Commission*

1. The Commission shall carry out a mapping of the Union's defence supply-chains, in cooperation with the Defence Industrial Readiness Board.

*Amendment*

1. The Commission shall carry out a mapping of the Union's defence supply-chains, in cooperation with the Defence Industrial Readiness Board ***and, where relevant, other actors.***

**Amendment 52**

**Proposal for a regulation**  
**Article 40 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5 a. The Commission's oversight of grant agreements and procurement contracts under this Regulation shall take into consideration the highly sensitive and strategic nature of the data, ensuring the utmost protection of both the European Union's financial interests and its strategic interests.***

**Amendment 53**

**Proposal for a regulation**  
**Article 40 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***5a. Grant agreements and procurement contracts concluded under this Regulation shall oblige beneficiaries to cooperate with Commission information requests (including timely data sharing, documentation, and site visits) needed for monitoring, mapping, and evaluating the EDTIB supply chains.***

*Justification*

*ECA (Opinion, 50) advises that the Commission incorporate data requirements in grant agreements to ensure completeness of information.*

## Amendment 54

### Proposal for a regulation Article 40 – paragraph 7

*Text proposed by the Commission*

7. The Commission shall inform the Defence Industrial Readiness Board of the aggregate results of the activities carried out pursuant to paragraph 4 on a regular basis.

*Amendment*

7. The Commission shall inform the Defence Industrial Readiness Board **and the European Parliament** of the aggregate results of the activities carried out pursuant to paragraph 4 on a regular basis.

## Amendment 55

### Proposal for a regulation Article 40 – paragraph 9

*Text proposed by the Commission*

9. Any information obtained pursuant to this Article shall be treated in compliance with the confidentiality obligations set out in Article 61.

*Amendment*

9. Any information obtained pursuant to this Article shall be treated in compliance with the confidentiality obligations set out in Article 61, **whereas such information would be of uttermost sensitivity even if it originated from non-confidential data.**

## Amendment 56

### Proposal for a regulation Article 41 – paragraph 1 – subparagraph 1 – introductory part

*Text proposed by the Commission*

The Commission, in consultation with the Defence Industrial Readiness Board, shall carry out regular monitoring of the Union's manufacturing capacities necessary for the supply of crisis-relevant products, identified in accordance with Article 40, paragraph (6) with a view to identifying factors that may disrupt, compromise or negatively affect the supply of the key defence products they contribute to

*Amendment*

The Commission, in consultation with the Defence Industrial Readiness Board **and, where relevant, other actors**, shall carry out regular monitoring of the Union's manufacturing capacities necessary for the supply of crisis-relevant products, identified in accordance with Article 40, paragraph (6) with a view to identifying factors that may disrupt, compromise or negatively affect the supply of the key

provide. The monitoring shall consist of the following activities:

defence products they contribute to provide. The monitoring shall consist of the following activities:

#### **Amendment 57**

##### **Proposal for a regulation**

##### **Article 44 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) there are serious disruptions in the provision of products, which are not defence products, or serious obstacles to trade in such products within the Union causing their significant shortage; and

*Amendment*

(a) there are serious disruptions in the provision of products, which are not ***necessarily*** defence products, or serious obstacles to trade in such products within the Union causing their significant shortage; and

#### **Amendment 58**

##### **Proposal for a regulation**

##### **Article 45 – paragraph 4**

*Text proposed by the Commission*

4. The Commission shall regularly inform the European Parliament and the Council of any measures taken in accordance with paragraph 1 and explain the reasons for its action.

*Amendment*

4. The Commission shall regularly inform the European Parliament and the Council ***without delay*** of any measures taken in accordance with paragraph 1, ***including, where relevant, the rationale, scope and expected duration of the measures taken***, and explain the reasons for its action.

#### **Amendment 59**

##### **Proposal for a regulation**

##### **Article 45 – paragraph 5**

*Text proposed by the Commission*

5. The Commission may, after consulting the Defence Industrial Readiness Board, issue guidance on the implementation and the use of the

*Amendment*

5. The Commission may, after consulting the Defence Industrial Readiness Board ***and informing the European Parliament and the Council***, issue guidance on the implementation and

emergency measures.

the use of the emergency measures. ***This guidance shall include specific anti-fraud and risk mitigation procedures, periodic verification protocols, and ex-post audit obligations for all parties involved in supply crisis actions.***

## Amendment 60

### Proposal for a regulation Article 50 – paragraph 1

*Text proposed by the Commission*

1. Where the Council activates this measure in accordance with Article 48(4), a Member State, which faces or may face severe difficulties either in the placing of an order or in the execution of a contract for the supply of defence products due to shortages or serious risks of shortages of crisis-relevant products and these difficulties may undermine the security of the Union and of its Member States, may ask the Commission to require an undertaking to accept, or to prioritise certain orders of crisis-relevant products ('priority rated requests'). ***These requests may only concern defence products.***

*Amendment*

1. Where the Council activates this measure in accordance with Article 48(4), a Member State, which faces or may face severe difficulties either in the placing of an order or in the execution of a contract for the supply of defence products due to shortages or serious risks of shortages of crisis-relevant products and these difficulties may undermine the security of the Union and of its Member States, may ask the Commission to require an undertaking to accept, or to prioritise certain orders of crisis-relevant products ('priority rated requests').

## Amendment 61

### Proposal for a regulation Article 52 – paragraph 1 – point a

*Text proposed by the Commission*

(a) activities that aim at rapid adaptation and modification of civilian products for defence applications;

*Amendment*

(a) activities that aim at rapid adaptation and modification of civilian products for defence applications, ***enhancing the dual-use potential of defence innovations;***

## Amendment 62

### Proposal for a regulation

**Article 52 – paragraph 1 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

*(d a) activities that aim at increasing the interoperability of defence products;*

**Amendment 63**

**Proposal for a regulation**

**Article 52 – paragraph 1 – point d b (new)**

*Text proposed by the Commission*

*Amendment*

*(d b) activities that aim at strengthening the supply chain resilience;*

**Amendment 64**

**Proposal for a regulation**

**Article 52 – paragraph 1 – point d c (new)**

*Text proposed by the Commission*

*Amendment*

*(d c) activities that aim at digital transformation of defence production, including the use of technologies such as AI, predictive maintenance technologies or digital twins.*

**Amendment 65**

**Proposal for a regulation**

**Article 57 – paragraph 3 a (new)**

*Text proposed by the Commission*

*Amendment*

*3a. In coordination with the European Union Military Staff (EUMS) and other relevant bodies, the Board shall maintain a repository of lessons learned from EU military exercises or table-top simulations that test logistical readiness and cross-border movements of defence equipment funded under EDIP. The Board shall propose remedial actions or additional*

*funding measures when repeated  
bottlenecks are identified.*

## **Amendment 66**

### **Proposal for a regulation**

#### **Article 59 – paragraph 4 a (new)**

*Text proposed by the Commission*

*Amendment*

**4a.** *The framework agreement shall be concluded no later than six months after the entry into force of this Regulation, ensuring that disbursements under the Ukraine Support Instrument are covered by robust monitoring and audit arrangements from the outset.*

*Justification*

*Reflects ECA's concern (Opinion, 55) about lack of a deadline for concluding the Ukraine framework agreement, recommending it be done swiftly to ensure accountability for any early disbursements*

## **Amendment 67**

### **Proposal for a regulation**

#### **Article 60 – paragraph 5**

*Text proposed by the Commission*

*Amendment*

5. The Commission shall make available approved and accredited existing systems to facilitate the exchange of classified information between the Commission, the High-Representative / Head of Agency, the Member States and associated countries and, where appropriate, with the applicants and the recipients.

5. The Commission shall make available approved and accredited existing systems to facilitate the exchange of classified information between the Commission, the High-Representative / Head of Agency, the Member States and associated countries, ***the European Parliament*** and, where appropriate, with the applicants and the recipients.

## **Amendment 68**

### **Proposal for a regulation**

#### **Article 61 – paragraph 2**

*Text proposed by the Commission*

2. Member States, the Commission and the High-Representative / Head of Agency shall ensure the protection of trade and business secrets and other sensitive and classified information acquired and generated in application of this Regulation in accordance with Union law and the respective national law.

*Amendment*

2. Member States, ***the European Parliament***, the Commission and the High-Representative / Head of Agency shall ensure the protection of trade and business secrets and other sensitive and classified information acquired and generated in application of this Regulation in accordance with Union law and the respective national law. ***However, such confidentiality shall not preclude the disclosure of project or contract-related information necessary for budgetary control, fraud detection, or auditing by OLAF, the EPPO, the Court of Auditors, or any other competent EU or national authority, in compliance with Union law.***

**Amendment 69**

**Proposal for a regulation  
Article 64 – paragraph 2 – point b**

*Text proposed by the Commission*

(b) to regularly check that the financing provided has been used in accordance with the applicable rules, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interests and irregularities;

*Amendment*

(b) to regularly check ***and inform OLAF and EPPO about the results*** that the financing provided has been used in accordance with the applicable rules, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interests and irregularities;

**Amendment 70**

**Proposal for a regulation  
Article 64 – paragraph 2 – point c**

*Text proposed by the Commission*

(c) to accompany a request for payment under the Programme by a declaration that the funds were used in accordance with the principle of sound financial management and for their

*Amendment*

(c) to accompany a request for payment under the Programme by a declaration that the funds were used in accordance with the principle of sound financial management and for their

intended purpose and managed appropriately in particular in accordance with Ukrainian rules complemented by *international* standards, on prevention, detection and correction of irregularities, fraud, corruption and conflicts of interests;

intended purpose and managed appropriately in particular in accordance with Ukrainian rules complemented by *European Union* standards on prevention, detection and correction of irregularities, fraud, corruption and conflicts of interests;

## **Amendment 71**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d**

*Text proposed by the Commission*

(d) to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129(1) of the Financial Regulation, in application of the principle of proportionality.

*Amendment*

(d) to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129(1) of the Financial Regulation, in application of the principle of proportionality, *enabling access to beneficiaries' documentation and on-site controls in Ukraine.*

## **Amendment 72**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

*(da) to identify the Ukrainian authorities involved in implementation, specifying responsibilities and procedures for budget execution;*

## **Amendment 73**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d b (new)**

*Text proposed by the Commission*

*Amendment*

*(db) to define sanctions and recovery regimes in case of non-compliance or fraud;*

## **Amendment 74**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d c (new)**

*Text proposed by the Commission*

*Amendment*

*(dc) to require the selection, establishment and systematic use of performance indicators and data sources tailored to the Ukrainian context;*

## **Amendment 75**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d d (new)**

*Text proposed by the Commission*

*Amendment*

*(dd) to establish a mechanism for the reporting of irregularities to the Commission and mechanisms to ensure the use of the Early Detection and Exclusion System (EDES) when appropriate;*

## **Amendment 76**

### **Proposal for a regulation**

#### **Article 64 – paragraph 2 – point d e (new)**

*Text proposed by the Commission*

*Amendment*

*(de) to establish a detailed roadmap on how Ukraine will put in place robust internal control systems, verification procedures and, where feasible, external audit arrangements to provide a level of assurance equivalent to that required by the Financial Regulation;*

## **Amendment 77**

### **Proposal for a regulation Article 64 a (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 64a**

##### ***Risk Management Plan***

- 1. Within six months from the entry into force of this Regulation, the Commission shall establish a dedicated Risk Management Plan for the implementation of the Programme and the Ukraine Support Instrument.***
- 2. The Risk Management Plan shall include:***
  - (a) A mapping of high-risk procurement, grant, and financial instrument activities;***
  - (b) A structured method for early detection of potential fraud or irregularities;***
  - (c) Clear procedures for notifying OLAF, the Court of Auditors, the EPPO (where applicable), and national audit bodies, especially for cases involving cross-border elements or high-value contracts;***
  - (d) Provisions for on-site inspections and verifications by or on behalf of the Commission for actions funded under this Regulation;***
  - (e) Specific guidance on verifying end-use of funds, particularly for Ukraine-related actions.***
- 3. The Commission shall regularly update the Fraud Risk Management Plan based on the results of audits, evaluations, and input from OLAF, the EPPO, the Court of Auditors, and national competent authorities.***

## **Amendment 78**

**Proposal for a regulation**  
**Article 65 – paragraph 4 a (new)**

*Text proposed by the Commission*

*Amendment*

**4 a.** *The Commission shall monitor continuously the management and implementation of the Programme. In order to enhance transparency, data shall also be made publicly available in an accessible manner on the Commission's website according to the latest update, in particular with information concerning the geographical diversity and category of recipients.*

**Amendment 79**  
**Proposal for a regulation**  
**Article 66 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. By 30 June 2027, the Commission shall draw up a report evaluating the implementation of the measures set out in this Regulation and their results, as well as the opportunity to extend their applicability and provide for their funding, particularly with regard to the evolution of the security context and any persistent risks in relation to the supply of defence products. The evaluation report shall build on consultations of the Member States and key stakeholders.

1. By 30 June 2027, the Commission shall draw up a report evaluating the implementation of the measures set out in this Regulation and their results, as well as the opportunity to extend their applicability and provide for their funding, particularly with regard to the evolution of the security context and any persistent risks in relation to the supply of defence products. The evaluation report shall build on consultations of the Member States and key stakeholders. ***The report shall:***

**Amendment 80**  
**Proposal for a regulation**  
**Article 66 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

**1 a.** *detail any instances where financing not linked to costs was used, providing an analysis of milestone fulfilment, partial or full corrections, and lessons learned for the subsequent programming period or subsequent EU*

*programmes;*

**Amendment 81**  
**Proposal for a regulation**  
**Article 66 – paragraph 1 b (new)**

*Text proposed by the Commission*

*Amendment*

*1 b. assess the contribution of measures under this Regulation to the development of a competitive, fair and open common market for defence, notably by ensuring a level playing field and opening supply chains for cross-border cooperation, involving in particular, to a significant extent, SMEs, start-ups, small mid-caps and other mid-caps across the Union;*

**Amendment 82**  
**Proposal for a regulation**  
**Article 66 – paragraph 1 c (new)**

*Text proposed by the Commission*

*Amendment*

*1 c. include a specific section on military mobility synergies and infrastructure bottlenecks addressed through EDIP, assessing to what extent the Programme has supported or accelerated dual-use transport infrastructure relevant to the movement of defence products or personnel; contributed to bridging capability gaps identified in the EU Military Requirements for Military Mobility, including those updated in 2023 and beyond; and coordinated with the Commission’s “gap analysis” for the post-2027 MFF;*

**Amendment 83**  
**Proposal for a regulation**  
**Article 66 – paragraph 1 d (new)**

*Text proposed by the Commission*

*Amendment*

***1 d. include a section on the additionality delivered by the measures under this Regulation;***

**Amendment 84**  
**Proposal for a regulation**  
**Article 66 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***2 a. The evaluation report shall use output, outcome, and result indicators, including standardized measures of interoperability, standardisation, and effective cross-border cooperation. Where relevant, it shall also reflect the EDIS core performance indicators (collaborative procurement ratio, intra-EU defence trade, and share of EU-based supply) with intermediate targets for 2027, and a breakdown by Member State to ensure transparency of results.***

**Amendment 85**  
**Proposal for a regulation**  
**Article 66 a (new)**

*Text proposed by the Commission*

*Amendment*

***Article 66a***

***Single ex post evaluation***

***By December 2028, the Commission shall carry out a single ex post evaluation covering EDIP, the European Defence Fund (EDF), the European Defence Industrial Development Programme (EDIDP), EDIRPA, and any other relevant EU instruments supporting the EDTIB. This consolidated evaluation shall provide a comparative assessment of effectiveness and identify options for any subsequent multiannual funding proposals.***

## **Amendment 86**

### **Proposal for a regulation Article 66 b (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 66b**

##### ***Interim implementation reports***

- 1. By 30 June 2026 and annually thereafter, the Commission shall submit an interim implementation report to the European Parliament and the Council providing detailed information on the use of the Ukraine Support Instrument. The report shall include data on commitments, disbursements, project outcomes, risk assessments, and any identified or suspected cases of mismanagement or fraud. Where necessary, the Commission shall propose corrective measures, including suspension, reallocation or recovery of funds, to protect the Union's financial interests.***
- 2. The interim implementation report shall include a specific assessment of synergies and possible overlaps of EDIP actions with all other relevant Union programmes or instruments, particularly the European Defence Fund (EDF), EDIRPA, ASAP, the Ukraine Facility, and instruments such as TENT or CEF used for dual-use infrastructure.***

**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur for the opinion received input from the following entities or persons in the preparation of the opinion, prior to the adoption thereof in committee:

<b>Entity and/or person</b>
Permanent Representation of Finland to the EU

The list above is drawn up under the exclusive responsibility of the rapporteur for the opinion.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur for the opinion declares that he has submitted to the concerned natural persons the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')
<b>References</b>	COM(2024)0150 – C10-0005/2024 – 2024/0061(COD)
<b>Committee(s) responsible</b>	SEDE                      ITRE
<b>Opinion by</b> Date announced in plenary	CONT 13.11.2024
<b>Rapporteur for the opinion</b> Date appointed	Eero Heinäluoma 12.11.2024
<b>Rule 59 – Joint committee procedure</b> Date announced in plenary	13.11.2024
<b>Discussed in committee</b>	3.4.2025
<b>Date adopted</b>	8.4.2025
<b>Result of final vote</b>	+:                      20 –:                      5 0:                      0
<b>Members present for the final vote</b>	Georgios Aftias, Arno Bausemer, Gilles Boyer, José Cepeda, Olivier Chastel, Caterina Chinnici, Dick Erixon, Daniel Freund, Gerben-Jan Gerbrandy, Esteban González Pons, Niclas Herbst, Monika Hohlmeier, Virginie Joron, Ondřej Knotek, Kinga Kollár, Marit Majj, Claudiu Manda, Csaba Molnár, Fidias Panayiotou, Jacek Protas, Julien Sanchez, Jonas Sjöstedt, Carla Tavares, Pasquale Tridico, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Rudi Kennes, Erik Marquardt, Bert-Jan Ruissen, Șerban Dimitrie Sturdza, Annamária Vicsek
<b>Members under Rule 216(7) present for the final vote</b>	Raffaele Topo

**FINAL VOTE BY ROLL CALL  
BY THE COMMITTEE ASKED FOR OPINION**

20	+
ECR	Dick Erixon, Bert-Jan Ruissen, Șerban Dimitrie Sturdza
PPE	Georgios Aftias, Caterina Chinnici, Esteban González Pons, Niclas Herbst, Monika Hohlmeier, Kinga Kollár, Jacek Protas, Tomáš Zdechovský
Renew	Gilles Boyer, Olivier Chastel
S&D	José Cepeda, Marit Majj, Csaba Molnár, Carla Tavares, Raffaele Topo
The Left	Jonas Sjöstedt
Verts/ALE	Erik Marquardt

5	-
NI	Fidias Panayiotou
PfE	Virginie Joron, Ondřej Knotek, Julien Sanchez
The Left	Rudi Kennes

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention

10.4.2025

## **OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION**

for the Committee on Security and Defence and the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council on the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')  
(COM(2024)0150 – C10-0005/2024 – 2024/0061(COD))

Rapporteur for opinion: Kamila Gasiuk-Pihowicz

### **SHORT JUSTIFICATION**

Europe is currently facing its most significant security crisis since the end of the Cold War. Several Member States are at present under the threat of materialisation of conventional military actions directed against them by expansionist and revisionist direct neighbours. The brutal 2022 Russian invasion of Ukraine marked the return of conventional warfare in Europe and rang the alarm across Europe that should Ukraine not resist the Russian invaders, EU Member States may experience similar scenarios.

Europe needs to make use of all its resources and capabilities in order to protect itself in the event of possible conventional military attacks aimed at its Member States. To this end, it must strive to foster a true Single European Market for defence products strengthening its defence industry by supporting all European businesses in the area of security and defence and by offering them more predictability and clarity about future commitments to their products. Aggregating demand and joining forces and capacities for developing, building and operating defence products shall send a strong message about the Union's priority to enhance the European Defence Industry.

The European Defence Industry Programme must present equal opportunities to all players on the market in an inclusive and balanced way, avoiding the monopolisation of the market by certain big players. The amendments that constitute the text of this opinion aim to make this instrument more flexible in order to support a wide variety of projects and players, crucial to keeping Europe secure.

The European Defence Technological and Industrial Base suffers from years of underinvestment and from the lack of coordinated, aggregated demand. The high degree of market fragmentation, as well as the traditional national approach towards defence by Member States have affected the ability of the EDTIB to be fully prepared for crisis-situations threatening the security of the Member States.

While further integration has led to a significant development of the European Single Market in various areas, the area of defence has seen almost no harmonisation and cross-border defence projects remain exceptions to the rule. At a time when the geopolitical situation in Europe is becoming increasingly complicated, developing a true European single market for defence products and removing the cross-border barriers that impede defence manufacturers from working together across Member States, becomes not only an economic, but also a geostrategic objective. Furthermore, the integration of Ukraine and its DTIB to the internal market for defence products remains a key objective.

The European Defence Industry Programme is supposed to bridge the gap between a short-term oriented logic, motivated by an acute crisis, and the upcoming MFF, which shall outline programmes tackling the long-term security objectives of the Union. While EDIP creates the premises for addressing these long-term objectives, it must also provide responses for the acute needs stemming from the urgency at our external border.

Therefore, while the Programme shall focus on supporting and creating the conditions necessary for the EDTIB and Ukrainian DTIB to enhance their competitiveness, develop capabilities and increase its industrial readiness, by directing EU funds to EU companies, it must also take into account the present challenges and the pressing reality from our border. Together with supporting the European businesses, one of the key objectives of the Regulation is ramping up the manufacturing capacities, with a view to ensuring the availability and supply of defence products throughout the Union.

The fragmented nature of the European defence market is characterised by the presence of extremely diverse players - from historical large, national, privately owned conglomerates manufacturing products developed internally, to innovative SMEs and mid-caps, as well as large state-owned companies manufacturing products under licence or foreign owned companies.

While aiming to direct funding towards investment in European research and development, as a long-term objective, the current geopolitical situation and the present security risks impose a more flexible solution that allows for the financing of products manufactured in Europe, under licence from like-minded third-countries, through a series of derogations under exceptional circumstances.

This flexibility, in this particular moment in time, is also key for ensuring that the opportunities presented by the programme are open to all European players on the market, allowing them to transition and adapt their offer to products less dependent on licences in the long-term. This will allow for a uniform and more inclusive development of the market, across all geographical areas of the Union.

The amendments brought to the Commission proposal aim to facilitate the development of a true Single European Market for Defence, setting out provisions that cater to our long-term objectives, while also creating space and flexibility for addressing the urgent, pressing short-term needs by enabling wider involvement of smaller companies, in particular SMEs, from all Member States.

Enhancing the single market for defence would only be possible through collaborative actions

on projects of common interest. These projects should allow for increased standardisation, enhanced aggregated demand, market predictability and increased interoperability of systems. At the same time, it is crucial to give preference to the projects, which take into account the exposure of certain Member States to a high risk of materialised conventional military threats and cater for the need to improve preparedness in case of crisis.

This Programme is an important step towards the long-term objective of fostering a true single market for defence products and removing cross-border barriers, but is at the same time a key instrument for ramping up production and securing the supply of defence products necessary for continuing to support Ukraine and preserve peace in Europe.

The aim of this opinion is to create an inclusive and balanced access to the players that constitute the EDTIB, to an open market that facilitates their cross-border cooperation. European funding shall be easily accessible to all players that, through their actions, aim to reinforce the readiness and the capacities of the EDTIB and Ukrainian DTIB. This Programme shall enhance the competitiveness of our industry and ensure that Europe is prepared to stand strong ahead of the security challenges we are facing.

## AMENDMENT

The Committee on the Internal Market and Consumer Protection submits the following to the Committee on Security and Defence and the Committee on Industry, Research and Energy, as the committees responsible:

### Amendment 1

#### Proposal for a regulation

#### Recital 3

##### *Text proposed by the Commission*

(3) On 14 and 15 December 2023, the European Council, in its conclusions, having considered work carried out to implement the Versailles declaration and the Strategic Compass for Security and Defence, underlined that more needs to be done to fulfil the Union's objectives of increasing defence readiness. To achieve such a readiness and defend the Union, a strong defence industry is a pre-requisite, making the European defence industry more resilient, innovative and competitive.

##### *Amendment*

(3) On 14 and 15 December 2023, the European Council, in its conclusions, having considered work carried out to implement the Versailles declaration and the Strategic Compass for Security and Defence, underlined that more needs to be done to fulfil the Union's objectives of increasing defence readiness ***while at the same time allowing and encouraging further military assistance to Ukraine***. To achieve ***this*** such a readiness and defend the Union, a strong defence industry is a pre-requisite, making the European defence industry more resilient, innovative and competitive.

## Amendment 2

### Proposal for a regulation

#### Recital 4

##### *Text proposed by the Commission*

(4) The Commission and the High Representative of the Union for Foreign Affairs and Security Policy presented a Joint Communication on the Defence Investment Gaps Analysis and Way Forward on 18 May 2022 highlighting the existence, within the Union, of defence financial, industrial and capability gaps. On 18 October 2023 a Regulation (EU) 2023/2418 of the European Parliament and the Council<sup>3</sup> was adopted establishing an instrument for the reinforcement of the European defence industry through common Procurement (EDIRPA), aimed at supporting collaboration between Member States in the procurement phase to fill the most urgent and critical gaps, especially those created by the response to Russia's war of aggression against Ukraine, in a collaborative way. On 20 July 2023 a Regulation (EU) 2023/1525 of the European Parliament and the Council<sup>4</sup> supporting ammunition production (ASAP) was adopted, aimed at urgently supporting the ramp-up of manufacturing capacities of the European defence industry, secure supply chains, facilitate efficient procurement procedures, address shortfalls in production capacities and promote investments.

##### *Amendment*

(4) The Commission and the High Representative of the Union for Foreign Affairs and Security Policy presented a Joint Communication on the Defence Investment Gaps Analysis and Way Forward on 18 May 2022 highlighting the existence, within the Union, of defence financial, industrial and capability gaps. On 18 October 2023 a Regulation (EU) 2023/2418 of the European Parliament and the Council<sup>3</sup> was adopted establishing an instrument for the reinforcement of the European defence industry through common Procurement (EDIRPA), aimed at supporting collaboration between Member States in the procurement phase to fill the most urgent and critical gaps, especially those created by the response to Russia's war of aggression against Ukraine, in a collaborative way. ***However, whilst one of the objectives of EDIRPA was to contribute to the collective benchmark of 35% of total equipment procurement expenditure for European collaborative equipment procurement, as identified by the European Defence Agency Steering Board in 2007, Member States have not yet achieved this collective benchmark objective.*** On 20 July 2023 a Regulation (EU) 2023/1525 of the European Parliament and the Council<sup>4</sup> supporting ammunition production (ASAP) was adopted, aimed at urgently supporting the ramp-up of manufacturing capacities of the European defence industry, secure supply chains, facilitate efficient procurement procedures, address shortfalls in production capacities and promote investments. ***Actions foreseen in the Programme should inter alia contribute to***

*encouraging Member States to increase spending on defence capabilities, thereby strengthening the defence posture and industrial resilience of the Union.*

---

<sup>3</sup> Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: <http://data.europa.eu/eli/reg/2023/2418/oj>).

<sup>4</sup> Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: <http://data.europa.eu/eli/reg/2023/1525/oj>).

---

<sup>3</sup> Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: <http://data.europa.eu/eli/reg/2023/2418/oj>).

<sup>4</sup> Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: <http://data.europa.eu/eli/reg/2023/1525/oj>).

### Amendment 3

#### Proposal for a regulation

##### Recital 5

###### *Text proposed by the Commission*

(5) EDIRPA and ASAP were designed as emergency response and short-term programmes, both expiring in 2025 (30 June 2025 for ASAP and 31 December 2025 for EDIRPA). The Programme should build on EDIRPA and ASAP achievements and extend their logic until 2027, by providing financial support for the reinforcement of the EDTIB, in a predictable, continuous and timely manner on the basis of an integrated approach. In the light of the current security situation, it appears necessary to extend the Union support a broader scope of defence equipment including consumables such as unmanned systems that play a decisive role in the war theatre in Ukraine.

###### *Amendment*

(5) EDIRPA and ASAP were designed as emergency response and short-term programmes, both expiring in 2025 (30 June 2025 for ASAP and 31 December 2025 for EDIRPA). The Programme should build on EDIRPA and ASAP achievements and extend their logic until 2027, by providing financial support for the reinforcement of the EDTIB, in a predictable, continuous and timely manner on the basis of an integrated approach. ***The Programme should also guarantee continuity with the European Defence Fund (EDF), including through the industrialisation and marketing of the projects previously co-financed by the EDF.*** In the light of the current security situation, it appears necessary to extend the Union support a broader scope of defence

equipment including consumables such as unmanned systems that play a decisive role in the war theatre in Ukraine.

#### **Amendment 4**

##### **Proposal for a regulation Recital 6**

###### *Text proposed by the Commission*

(6) The European Council of 23 June 2022 decided to grant the status of candidate country to Ukraine, which expressed a strong will to link reconstruction with reforms on its European path. In December 2023, EU leaders decided to open accession negotiations with Ukraine. On 15 December 2023, the European Council declared that the Union and Member States remain committed to contributing, for the long term and together with partners, to security commitments to Ukraine, which will help Ukraine to defend itself, resist destabilization efforts and deter acts of aggression in the future. Strong support to Ukraine is a key priority for the Union and an appropriate response to the Union's strong political commitment to support Ukraine for as long as necessary.

###### *Amendment*

(6) The European Council of 23 June 2022 decided to grant the status of candidate country to Ukraine, which expressed a strong will to link reconstruction with reforms on its European path. In December 2023, EU leaders decided to open accession negotiations with Ukraine. On 15 December 2023, the European Council declared that the Union and Member States remain committed to contributing, for the long term and together with partners, to security commitments to Ukraine, which will help Ukraine to defend itself, resist destabilization efforts and deter acts of aggression in the future. ***Considering the central role that the Ukrainian Armed Forces have in the development of a European Defence Union***, strong support to Ukraine is a key priority ***and should continue to be*** for the Union and an appropriate response to the Union's strong political commitment to support Ukraine for as long as necessary.

#### **Amendment 5**

##### **Proposal for a regulation Recital 14**

###### *Text proposed by the Commission*

(14) In view of the need invest better and together in defence capabilities of the Member States and associated countries as

###### *Amendment*

(14) In view of the need invest better and together in defence capabilities of the Member States and associated countries as

well as in the recovery, reconstruction and modernisation of Ukraine's defence industrial base, it should be possible for Member States, third countries, international organisations, international financial institutions or other sources to contribute to the implementation of the Programme. Such contributions should be implemented in accordance with the same rules and conditions and should constitute external assigned revenue within the meaning of Article 21(2)(a)(ii), (d), and (e) of *the* Regulation (EU, Euratom) **No 2018/1046**. In addition, Member States should be able to use the flexibility in the implementation of their shared management allocations offered by Regulation (EU) 2021/1060 of the European Parliament and the Council. It should therefore be possible to transfer certain levels of funding between shared management allocations and the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council. Uncommitted resources at the latest in 2028 may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060.

## **Amendment 6**

### **Proposal for a regulation**

#### **Recital 15**

##### *Text proposed by the Commission*

(15) As the Programme aims to enhance the competitiveness *and* efficiency of the Union's and Ukraine's defence industry, to benefit from the Programme, recipients of financial support should be legal entities which are established in the Union, in associated countries or in Ukraine and which are not subject to control by non-

well as in the recovery, reconstruction and modernisation of Ukraine's defence industrial base, it should be possible for Member States, third countries, international organisations, international financial institutions or other sources to contribute to the implementation of the Programme. Such contributions should be implemented in accordance with the same rules and conditions and should constitute external assigned revenue within the meaning of Article 21(2)(a), (d), and (e) of Regulation (EU, Euratom) **2024/2509**. In addition, Member States should be able to use the flexibility in the implementation of their shared management allocations offered by Regulation (EU) 2021/1060 of the European Parliament and the Council. It should therefore be possible to transfer certain levels of funding between shared management allocations and the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council. Uncommitted resources at the latest in 2028 may be transferred back to one or more respective source programmes, at the request of the Member State, in accordance with the conditions set out in the relevant provisions of Regulation (EU) 2021/1060.

##### *Amendment*

(15) As the Programme aims to enhance the competitiveness, efficiency *and capacity* of the Union's and Ukraine's defence industry, to benefit from the Programme, recipients of financial support should be legal entities which are established in the Union, in associated countries or in Ukraine and which are not

associated third countries, other than Ukraine or by, non-associated third-country entities. Where Member States, associated countries or Ukraine are the recipients of the financial support, in particular for common procurement actions, these rules should apply *mutatis mutandis* for the contractors or subcontractors to the procurement contracts. In that context, control should be understood to be the ability to exercise a decisive influence on a legal entity directly, or indirectly through one or more intermediate legal entities. Additionally, in order to ensure the protection of essential security and defence interests of the Union and its Member States, the infrastructure, facilities, assets and resources of the legal entities involved in the actions which are used for the purposes of the action should be located on the territory of a Member State, of an associated country or of Ukraine.

subject to control by non-associated third countries, other than Ukraine or by, non-associated third-country entities. Where Member States, associated countries or Ukraine are the recipients of the financial support, in particular for common procurement actions, these rules should apply *mutatis mutandis* for the contractors or subcontractors to the procurement contracts. In that context, control should be understood to be the ability to exercise a decisive influence on a legal entity directly, or indirectly through one or more intermediate legal entities. Additionally, in order to ensure the protection of essential security and defence interests of the Union and its Member States, the infrastructure, facilities, assets and resources of the legal entities involved in the actions which are used for the purposes of the action should be located on the territory of a Member State, of an associated country or of Ukraine.

## **Amendment 7**

### **Proposal for a regulation**

#### **Recital 19**

##### *Text proposed by the Commission*

(19) The Programme should provide financial support, via means provided for in *the* Regulation (EU, Euratom) ***No 2018/1046***, to actions contributing to the timely availability and supply of defence products such as cooperation for common procurement of public authorities, industrial coordination and networking activities including reservation and stockpiling of defence products, access to finance for undertakings involved in the manufacturing of relevant defence products, reservation of manufacturing capacities ('ever warm facilities'), industrial processes of reconditioning of expired products, expansion, optimisation, modernisation, upgrading or repurposing of

##### *Amendment*

(19) The Programme should provide) financial support, via means provided for in Regulation (EU, Euratom) ***2024/2509***, to actions contributing to the timely availability and supply of defence products such as cooperation for common procurement of public authorities, industrial coordination, ***including by enhancing the creation of regional clusters***, and networking activities including reservation and stockpiling of defence products, access to finance for undertakings involved in the manufacturing of relevant defence products, reservation of manufacturing capacities ('ever warm facilities'), industrial processes of reconditioning of

existing, or the establishment of new, production capacities in that field as well as the training of personnel.

expired products, *standardisation*, expansion, optimisation, modernisation, upgrading or repurposing of existing, or the establishment of new, production capacities in that field as well as the training of personnel.

## Amendment 8

### Proposal for a regulation Recital 23

#### *Text proposed by the Commission*

(23) In accordance with Article **193(2)** of *the* Regulation (EU, Euratom) **No 2018/1046**, a grant may be awarded for an action which has already begun, provided that the applicant can demonstrate the need for starting the action prior to signature of the grant agreement. However, costs incurred prior to the date of submission of the grant application are not eligible, except in duly justified exceptional cases. In order to enable continuity of funding perspective for actions that could have been supported by 2024 funding under ASAP and EDIRPA, in the financing decision it should be possible to provide for financial contributions in relation to actions that cover a period starting from 5 March 2024.

#### *Amendment*

(23) In accordance with Article **196(2)** of Regulation (EU, Euratom) **2024/2509**, a grant may be awarded for an action which has already begun, provided that the applicant can demonstrate the need for starting the action prior to signature of the grant agreement. However, costs incurred prior to the date of submission of the grant application are not eligible, except in duly justified exceptional cases. In order to enable continuity of funding perspective for actions that could have been supported by 2024 funding under ASAP and EDIRPA, in the financing decision it should be possible to provide for financial contributions in relation to actions that cover a period starting from 5 March 2024.

## Amendment 9

### Proposal for a regulation Recital 24

#### *Text proposed by the Commission*

(24) When assessing proposals submitted by applicants, the Commission should pay particular attention to their contribution to the objectives of the Programme. The proposals should be assessed, in particular, against their

#### *Amendment*

(24) When assessing proposals submitted by applicants, the Commission should pay particular attention to their contribution to the objectives of the Programme. The proposals should be assessed, in particular, against their

contribution to the increase in defence industrial readiness, in particular increasing production capacities and eliminating bottlenecks. They should also be assessed against their contribution to fostering defence industrial resilience, by reference to considerations such as timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular to those Member States most exposed to the risk of materialisation of conventional military threats. Assessments should also refer to the contribution to defence industrial cooperation through *genuine* armament cooperation among Member States, associated countries and Ukraine and the development and the operationalisation of cross-border cooperation of undertakings, in particular, to a significant extent, small and medium-sized enterprises (SMEs) and small middle capitalization companies (small mid-caps) operating in the supply chains concerned.

contribution to the increase in defence industrial readiness, in particular increasing production capacities and eliminating bottlenecks. They should also be assessed against their contribution to fostering defence industrial resilience, by reference to considerations such as timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular to those Member States most exposed to the risk of materialisation of conventional military threats *such as that of invasion or with geographical vulnerabilities. In order to prevent the concentration of funds in a few Member States, the Programme should consider a variety of initiatives that may benefit from the funds, and evaluate proposals with the view of bolstering a balanced distribution of resources among Member States, preventing the concentration of funds among a limited number of entities, Member States or specific regions and contributing to a more diversified geographical and industrial participation in the Programme.* Assessments should also refer to the contribution to defence industrial cooperation through *inclusive and balanced* armament cooperation among Member States, associated countries and Ukraine. *Other criteria should also be assessed, including the contribution to* and the development and the operationalisation of cross-border cooperation of undertakings, in particular, to a significant extent, small and medium-sized enterprises (SMEs) and small middle capitalization companies (small mid-caps) operating in the supply chains concerned. *The Commission should also pay particular attention to the contribution of proposals to the creation of regional clusters that should be established in a geographically balanced manner across the Union to contribute to the industrial development of all Member States. The regional clusters should support the*

*Union's security of supply and defence readiness by ensuring the strategic positioning of critical manufacturing capacities and the mitigation of risks linked to supply chain disruptions.*

## **Amendment 10**

### **Proposal for a regulation Recital 24 a (new)**

*Text proposed by the Commission*

*Amendment*

*(24a) Member States, in consultation, where relevant, with the European Defence Agency should formally recognise risks of materialising of conventional military threats, including armed attacks or organised attempts by a third country or a third country entity to damage state or private property related to critical infrastructure or conduct cyberattacks against critical infrastructure.*

## **Amendment 11**

### **Proposal for a regulation Recital 25**

*Text proposed by the Commission*

*Amendment*

(25) When designing, awarding and implementing Union financial support, the Commission should pay particular attention to ensuring that such support does not adversely affect the conditions of competition in the internal market.

(25) When designing, awarding and implementing Union financial support, the Commission should pay particular attention to ensuring that such support does not adversely affect the conditions of competition in the internal market, *including by a risk of monopolisation of a market or its sector by one or few entities.*

## **Amendment 12**

### **Proposal for a regulation Recital 26**

*Text proposed by the Commission*

(26) **The** Regulation (EU, Euratom) **No 2018/1046** and subsequent amendments applies to this Programme. It lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement, indirect implementation, and financial instruments.

*Amendment*

(26) Regulation (EU, Euratom) **2024/2509** and subsequent amendments applies to this Programme. It lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement, indirect implementation, and financial instruments.

**Amendment 13**

**Proposal for a regulation**  
**Recital 27**

*Text proposed by the Commission*

(27) In accordance with **the** Regulation (EU, Euratom) **No 2018/1046**, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council and Council Regulations (EC, Euratom) No 2988/95, (Euratom, EC) No 2185/96 and (EU) 2017/1939, the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of irregularities, including fraud, to the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, to the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013, the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute criminal offences affecting the financial

*Amendment*

(27) In accordance with Regulation (EU, Euratom) **2024/2509**, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council and Council Regulations (EC, Euratom) No 2988/95, (Euratom, EC) No 2185/96 and (EU) 2017/1939, the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of irregularities, including fraud, to the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, to the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013, the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute criminal offences affecting the financial

interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with *the* Regulation (EU, Euratom) **No 2018/1046**, any person or entity receiving Union funds is to fully cooperate in the protection of the financial interests of the Union, grant the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with Regulation (EU, Euratom) **2024/2509**, any person or entity receiving Union funds is to fully cooperate in the protection of the financial interests of the Union, grant the necessary rights and access to the Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

## **Amendment 14**

### **Proposal for a regulation Recital 28 a (new)**

*Text proposed by the Commission*

*Amendment*

***(28a) Specific provisions and conditions should be introduced to allow the participation to the Programme of third countries with whom the Union has entered in a Security and Defence Partnership (NBI), former Members of the Union, and countries that have been granted candidate country status.***

## **Amendment 15**

### **Proposal for a regulation Recital 30**

*Text proposed by the Commission*

*Amendment*

(30) FAST should achieve a satisfactory multiplier effect in line with the debt and equity mix and contribute to attracting both public and private-sector financing. In order to contribute to the overall objective of enhancing the EDTIB's

(30) FAST should achieve a satisfactory multiplier effect in line with the debt and equity mix and contribute to attracting both public and private-sector financing. In order to contribute to the overall objective of enhancing the EDTIB's

competitiveness, FAST should also provide support to SMEs (*including* start-ups and scale-ups) and small mid-caps across the EU, manufacturing defence technologies and products as well as companies actually or potentially part of the defence industry's supply chain, facing difficulties in accessing finance. FAST should as well accelerate investment in the field of manufacturing defence technologies and products, and therefore strengthen the security of supply of the Union's defence industry value chains.

competitiveness, FAST should also provide support to SMEs (*in particular* start-ups and scale-ups) and small mid-caps across the EU, manufacturing defence technologies and products as well as companies actually or potentially part of the defence industry's supply chain, facing difficulties in accessing finance. FAST should as well accelerate investment in the field of manufacturing defence technologies and products, and therefore strengthen the security of supply of the Union's defence industry value chains.

## Amendment 16

### Proposal for a regulation

#### Recital 36

*Text proposed by the Commission*

(36) Membership of a SEAP should **comprise** at least three Member States **and may include** associated countries and Ukraine.

*Amendment*

(36) Membership of a SEAP should **be composed of** at least three Member States **or of at least four countries, including** associated countries and Ukraine, **and at least three Member States, provided that at least three are Member States.**

## Amendment 17

### Proposal for a regulation

#### Recital 39

*Text proposed by the Commission*

(39) A SEAP should be able to appoint a Procurement Agent acting in its own name. A SEAP should be able to procure defence products on its own behalf or on behalf of its members. In the case it procures on its own behalf, the SEAP should be considered as an international organisation purchasing for its own purposes within the meaning of Article 12(c) of Directive 2009/81/EC in conformity with State aid rules. Where it procures on behalf of its

*Amendment*

(39) A SEAP should be able to appoint a Procurement Agent acting in its own name **in transparency for all the SEAP members.** A SEAP should be able to procure defence products on its own behalf or on behalf of its members. In the case it procures on its own behalf, the SEAP should be considered as an international organisation purchasing for its own purposes within the meaning of Article 12(c) of Directive 2009/81/EC in

members, in order to ensure an adequate incentive for Member States to engage in a cooperation within the SEAP, the SEAP should be able to define its own rules of procurement by derogation to Directive 2009/81/EC. These rules should ensure compliance with EU primary law principles applicable to procurement, in particular those of transparency, non-discrimination and competition.

conformity with State aid rules. Where it procures on behalf of its members, in order to ensure an adequate incentive for Member States to engage in a cooperation within the SEAP, the SEAP should be able to define its own rules of procurement by derogation to Directive 2009/81/EC. These rules should ensure compliance with EU primary law principles applicable to procurement, in particular those of transparency, non-discrimination and competition.

## Amendment 18

### Proposal for a regulation Recital 40

#### *Text proposed by the Commission*

(40) A SEAP could qualify for funding in accordance with Title VI of *the* Regulation (EU, Euratom) **No 2018/1046**. Funding under the Cohesion Policy could also be possible, in conformity with the relevant Community legislation.

#### *Amendment*

(40) A SEAP could qualify for funding in accordance with Title VI of Regulation (EU, Euratom) **2024/2509**. Funding under the Cohesion Policy could also be possible, in conformity with the relevant Community legislation.

## Amendment 19

### Proposal for a regulation Recital 42

#### *Text proposed by the Commission*

(42) Since a SEAP is established under Union law, it should be governed by Union law, in addition to the law of the State where it has its statutory seat. However, the SEAP could have a place of operation in another State. The law of that latter State should apply in respect of specific matters defined by the Statutes of the SEAP. Furthermore, a SEAP should be governed by implementing rules complying with the Statutes.

#### *Amendment*

(42) Since a SEAP is established under Union law, it should be governed by Union law, in addition to the law of the State where it has its statutory seat. However, the SEAP could have a place of operation in another State. The law of that latter State should apply in respect of specific matters defined by the Statutes of the SEAP, **as should EU law**. Furthermore, a SEAP should be governed by implementing rules complying with the Statutes.

## Amendment 20

### Proposal for a regulation Recital 48

#### *Text proposed by the Commission*

(48) Directive 2009/81/EC of the European Parliament and of the Council aims at harmonising procurement procedures for the award of public contracts in the field of defence and security thus enabling the security requirements of Member States and the obligations arising from the TFEU to be met. That Directive contains, in particular, specific provisions governing situations of urgency resulting from a crisis, in particular shortened periods for the receipt of tenders and the possibility to use the negotiated procedure without prior publication of a contract notice. However, in extreme urgency, in particular during supply and security crises, these rules could be incompatible even with those provisions in cases where two or more Member States intend to engage in a common procurement. In some cases, the only solution that ensures the security interests of those Member States is to open an existing framework agreement to contracting authorities/entities of Member States that were not originally party to it, even though that possibility had not been provided for in the original framework agreement.

#### *Amendment*

(48) Directive 2009/81/EC of the European Parliament and of the Council aims at harmonising procurement procedures for the award of public contracts in the field of defence and security thus enabling the security requirements of Member States and the obligations arising from the TFEU to be met. That Directive contains, in particular, specific provisions governing situations of urgency resulting from a crisis, in particular shortened periods for the receipt of tenders and the possibility to use the negotiated procedure without prior publication of a contract notice. However, in extreme urgency, in particular during supply and security crises, these rules could be incompatible even with those provisions in cases where two or more Member States intend to engage in a common procurement. In some cases, the only solution that ensures the security interests of those Member States is to open an existing **contract or** framework agreement to contracting authorities/entities of Member States that were not originally party to it, even though that possibility had not been provided for in the original **contract or** framework agreement.

## Amendment 21

### Proposal for a regulation Recital 49

#### *Text proposed by the Commission*

(49) In accordance with the case law of the Court of Justice of the European Union, modifications to a public contract are to be

#### *Amendment*

(49) In accordance with the case law of the Court of Justice of the European Union, modifications to a public contract are to be

strictly limited to what is absolutely necessary in the circumstances, while complying *to the maximum extent possible* with the principles of non-discrimination, transparency and proportionality. In that regard, it should be possible to derogate from Directive 2009/81/EC by increasing the quantities provided for in a framework agreement while opening it to contracting authorities/entities of other Member States. With respect to those additional quantities, those contracting authorities/entities should enjoy the same conditions as the original contracting authority/entity that concluded the original framework agreement. In such cases, the original contracting authority/entity should also allow any economic operator who fulfils the contracting authority's/entity's conditions initially laid down in the procurement procedure for the framework agreement, including requirements for qualitative selections as referred to in Articles 39 to 46 of Directive 2009/81/EC, to join that framework agreement. In addition, appropriate transparency measures should be taken to ensure that all potentially interested parties are informed.

## Amendment 22

### Proposal for a regulation

#### Recital 54

##### *Text proposed by the Commission*

(54) The objective of a mapping of the Union's defence supply chains should be to provide an analysis of their strengths and weaknesses with a view to ensure security of supply and resilience. To that end, the Commission should identify products, components as well as raw materials that are deemed critical for the supply of defence products particularly important for the defence interests of the Union and its Member States (crisis-relevant products),

strictly limited to what is absolutely necessary in the circumstances, while complying with the principles of non-discrimination, transparency and proportionality. In that regard, it should be possible to derogate from Directive 2009/81/EC by increasing the quantities provided for in a *contract or* framework agreement while opening it to contracting authorities/entities of other Member States. With respect to those additional quantities, those contracting authorities/entities should enjoy the same conditions as the original contracting authority/entity that concluded the original *contract or* framework agreement. In such cases, the original contracting authority/entity should also allow any economic operator who fulfils the contracting authority's/entity's conditions initially laid down in the procurement procedure for the *contract or* framework agreement, including requirements for qualitative selections as referred to in Articles 39 to 46 of Directive 2009/81/EC, to join that *contract or* framework agreement. In addition, appropriate transparency measures should be taken to ensure that all potentially interested parties are informed.

##### *Amendment*

(54) The objective of a mapping of the Union's defence supply chains should be to provide an analysis of their strengths and weaknesses with a view to ensure security of supply and resilience *as well as to strengthen the strategic autonomy of the Union and its Member States*. To that end, the Commission should identify products, components as well as raw materials that are deemed critical for the supply of defence products particularly important for

based on the inputs and advice from the Defence Industrial Readiness Board. The mapping should be based on publicly and commercially available data and, if necessary, on data obtained through voluntary information requests of undertakings, in consultation with the Defence Industrial Readiness Board.

the defence interests of the Union and its Member States (crisis-relevant products), based on the inputs and advice from the Defence Industrial Readiness Board. The mapping should be based on publicly and commercially available data and, if necessary, on data obtained through voluntary information requests of undertakings, in consultation with the Defence Industrial Readiness Board.

## Amendment 23

### Proposal for a regulation

#### Recital 57

##### *Text proposed by the Commission*

(57) On this basis, the Commission should draw up a list, identifying the crisis-relevant defence products, raw materials or components thereof, that are affected by disruptions or potential disruptions of the functioning of the Single Market and its supply chains leading to significant shortages. The Commission should regularly update this list, to focus only on possible disruptions or bottlenecks affecting the security of supply of relevant defence products, as well as raw materials and components thereof.

##### *Amendment*

(57) On this basis, the Commission should draw up a list, identifying the crisis-relevant defence products, raw materials or components thereof, that are affected by disruptions or potential disruptions of the functioning of the Single Market and its supply chains leading to significant shortages. The Commission should regularly update this list, to focus only on possible disruptions or bottlenecks affecting the security of supply of relevant defence products, as well as raw materials and components thereof. ***In addition, the Commission should facilitate regular dialogue with industry stakeholders to foster joint planning and procurement while aligning funding priorities with operational needs.***

## Amendment 24

### Proposal for a regulation

#### Recital 67

##### *Text proposed by the Commission*

(67) With a view to support the Commission in implementing this

##### *Amendment*

(67) With a view to support the Commission in implementing this

Regulation, a European Defence Industrial Readiness Board should be established, composed of the Commission, the High Representative/Head of the Agency and Member States. In addition, outside the framework of the current Regulation, the High Representative/Head of Agency and the Commission will at their initiative convene and co-chair meetings of the members in the context of the Board to exercise the joint programming and procurement function and provide strategic guidance and advice with a view to increase defence industrial readiness of the EDTIB, in line with the European Defence Industrial Strategy.

Regulation, a European Defence Industrial Readiness Board should be established, composed of the Commission, the High Representative/Head of the Agency and Member States. ***The European Parliament should be invited as an observer.*** In addition, outside the framework of the current Regulation, the High Representative/Head of Agency and the Commission will at their initiative convene and co-chair meetings of the members in the context of the Board to exercise the joint programming and procurement function and provide strategic guidance and advice with a view to increase defence industrial readiness of the EDTIB, in line with the European Defence Industrial Strategy. ***In order to ensure an effective co-operation and to establish a closer dialogue and engagement with the industry, a high-level European Defence Industry Group should be set up.***

## Amendment 25

### Proposal for a regulation

#### Article 1 – paragraph 1 – introductory part

##### *Text proposed by the Commission*

This Regulation establishes a budget and lays down a set of measures aimed at supporting defence industry readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of defence products and at contributing to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB), in particular by means of the following:

##### *Amendment*

This Regulation establishes a budget ***for the period from 2025 to 2027*** and lays down a set of measures aimed at supporting defence industry readiness of the Union and its Member States through the strengthening of the ***internal market for defence***, competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure ***the proper functioning of the internal market and its defence supply chains, including through*** the timely availability and supply of defence products, ***and to contribute*** to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB), in

particular by means of the following:

## Amendment 26

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 1

*Text proposed by the Commission*

(1) the establishment of the European Defence Industrial Programme (the ‘Programme’), comprising measures for the strengthening of the competitiveness, responsiveness and ability of the EDTIB, which may include the establishment of a fund for the acceleration of defence supply chain transformation (‘FAST’);

*Amendment*

(1) the establishment of the European Defence Industrial Programme (the ‘Programme’), comprising measures for the strengthening of the competitiveness, responsiveness and ability of the EDTIB, which may include the establishment of a fund for the acceleration of defence supply chain transformation (‘FAST’) ***as set out in Chapter II, Section 2;***

## Amendment 27

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 2

*Text proposed by the Commission*

(2) the establishment of a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the ‘Ukraine Support Instrument’);

*Amendment*

(2) the establishment of a cooperation programme with Ukraine with a view to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (the ‘Ukraine Support Instrument’) ***as set out in Chapter II, Section 3;***

## Amendment 28

### Proposal for a regulation

#### Article 1 – paragraph 1 – point 4

*Text proposed by the Commission*

(4) a legal framework aiming at ensuring security of supply, removing obstacles and bottlenecks and supporting the production of defence products as set

*Amendment*

(4) a legal framework aiming at ensuring security of supply ***and strengthening the internal market for defence and response to the supply crisis***

out in Chapter IV;

*by* removing obstacles and bottlenecks and supporting the production of defence products as set out in Chapter IV;

## **Amendment 29**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point 4 a (new)**

*Text proposed by the Commission*

*Amendment*

**(4a) ‘contracting authorities’ means contracting authorities as defined in Article 2(1), point (1), of Directive 2014/24/EU and in Article 3(1) of Directive 2014/25/EU;**

## **Amendment 30**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point 9**

*Text proposed by the Commission*

*Amendment*

(9) ‘legal entity’ means a legal person created and recognised as such under Union, national or international law, which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 197(2), point (c), of *the* Regulation (EU, Euratom) *No 2018/1046*;

(9) ‘legal entity’ means a legal person created and recognised as such under Union, national or international law, which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of Regulation (EU, Euratom) *2024/2509*;

## **Amendment 31**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point 20**

*Text proposed by the Commission*

*Amendment*

(20) ‘small and medium-sized enterprises’ or ‘SMEs’ means small and medium-sized *enterprises as defined in Article 2 of the Annex to Commission*

(20) ‘small and medium-sized enterprises’ or ‘SMEs’ means small and medium-sized *undertakings within the meaning of Article 3(2) and (3) of*

*Recommendation 2003/361/EC;*

*Directive 2013/34/EU;*

### **Amendment 32**

#### **Proposal for a regulation**

##### **Article 2 – paragraph 1 – point 23**

*Text proposed by the Commission*

(23) ‘crisis-relevant products’ means defence products or **key** components or raw materials thereof or any products or services critical to their production **that have been identified as being seriously affected by a disruption or potential disruption of the** functioning of the internal market and its supply chains **resulting in actual or potential significant shortages.**

*Amendment*

(23) ‘crisis-relevant products’ means defence products or components or raw materials thereof or any products or services critical to their production **whose availability is indispensable to ensure the proper** functioning of the internal market and its supply chains **and must be secured to respond to a supply crisis;**

### **Amendment 33**

#### **Proposal for a regulation**

##### **Article 2 – paragraph 1 – point 23 a (new)**

*Text proposed by the Commission*

*Amendment*

**(23a) ‘European Defence Project of Common Interest’ or ‘EDPCI’ means any collaborative industrial project that contributes to the development of military capabilities and systems of interest and use, including those securing access to all operational domains, that is critical for the security and defence interests of the Union and its Member States and that contributes to a common European defence, as outlined in Article 15;**

### **Amendment 34**

#### **Proposal for a regulation**

##### **Article 2 – paragraph 1 – point 23 b (new)**

*Text proposed by the Commission*

*Amendment*

**(23b) ‘regional cluster’ means a structured cooperation framework established by at least three Member States with a common geographical proximity, with the objective of achieving economies of scale, reducing thereby redundant national expenditures, fostering knowledge sharing and cross-border industrial synergies.**

### **Amendment 35**

#### **Proposal for a regulation Article 3 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. Grants may take the form of financing not linked to costs, pursuant to Article **180(3)** of Regulation (EU, Euratom) **2018/1046**.

1. Grants may take the form of financing not linked to costs, pursuant to Article **183** of Regulation (EU, Euratom) **2024/2509**.

### **Amendment 36**

#### **Proposal for a regulation Article 3 – paragraph 2 – point b**

*Text proposed by the Commission*

*Amendment*

(b) the characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;

(b) the characteristics of the cooperation which are likely to give rise to **the creation of regional clusters**, greater interoperability outcomes, **economies of scale** and long-term investment signals to industry, in particular where the common procurement covers activities that would be eligible for funding from the Union budget, e.g. research and development, testing and certification, initial production or in-service support activities;

## Amendment 37

### Proposal for a regulation

#### Article 3 – paragraph 3 – point b

*Text proposed by the Commission*

(b) the efforts of adapting the Ukrainian defence procurement processes and the environment for the Ukrainian defence industry, including to meet NATO standards;

*Amendment*

(b) the efforts ***contributing to the recovery and modernisation of the Ukrainian DTIB***, of adapting the Ukrainian defence procurement processes and the environment for the Ukrainian defence industry, including to meet NATO standards;

## Amendment 38

### Proposal for a regulation

#### Article 4 – paragraph 1 – introductory part

*Text proposed by the Commission*

1. The Programme and the Ukraine Support Instrument aim at increasing the defence industrial readiness of the EDTIB and of the Ukrainian DTIB in particular through:

*Amendment*

1. The Programme and the Ukraine Support Instrument aim at increasing the ***competitiveness, responsiveness, and*** defence industrial readiness of the EDTIB and of the Ukrainian DTIB in particular through:

## Amendment 39

### Proposal for a regulation

#### Article 4 – paragraph 1 – point a

*Text proposed by the Commission*

(a) ***initiating and speeding up the adjustment of*** industry to structural changes, including through the creation and ramp-up of its manufacturing capacities and the opening of the supply chains for cross-border cooperation and effective availability and supply throughout the Union, ***involving in*** particular, to a significant extent, SMEs, small mid-caps and other mid-caps;

*Amendment*

(a) ***strengthening the competitiveness of the defence*** industry, ***improving and accelerating its capacity of adaptation*** to structural changes, including through the creation and ramp-up of its manufacturing capacities and the opening of the supply chains for cross-border cooperation and effective availability and supply throughout the Union, ***with a view to progressively achieving a common***

*European defence and collectively addressing the increased security threats due to proximity to third countries engaged in a war or destabilizing military actions; particular emphasis shall be placed on the participation and support, to a significant extent of SMEs, including start-ups small mid-caps and other mid-caps, reducing the lead production time for defence products, and supporting the industrialisation and commercialisation of defence products;*

## Amendment 40

### Proposal for a regulation Article 4 – paragraph 1 – point b

*Text proposed by the Commission*

(b) *incentivising* cooperation in defence procurement *in order to* contribute to solidarity, prevent crowding-out effects, increase the effectiveness of public spending and reduce *excessive* fragmentation, ultimately *leading* to an increase in the standardisation of defence systems *and* greater interoperability.

*Amendment*

(b) *enhancing* cooperation in defence procurement *by incentivising Member States to aggregate demand for defence products*, contribute to *strengthened* solidarity *among them, aiding research and development in emerging technologies critical to modern warfare*, prevent crowding-out effects, increase the effectiveness of public spending *in particular through economies of scale*, and reduce *unnecessary* fragmentation, ultimately *contributing to the strengthening of the internal market for security and defence, and* to an increase in the *harmonisation and* standardisation of defence systems *as well as* greater interoperability *within NATO standards, also resulting in support actions to restock defence products and capabilities donated to Ukraine.*

## Amendment 41

### Proposal for a regulation Article 4 – paragraph 2

*Text proposed by the Commission*

2. Actions contributing to the recovery, reconstruction and modernisation of the Ukrainian DTIB shall take into account its possible future integration into the EDTIB, thereby contributing to mutual stability, security, peace, prosperity and sustainability.

*Amendment*

2. Actions contributing to the recovery, reconstruction and modernisation of the Ukrainian DTIB shall take into account its possible future integration into the EDTIB, thereby contributing to mutual stability, security, peace, prosperity and sustainability. ***Such actions shall aim to support Ukraine in increasing the manufacturing of the most relevant and urgent defence products to ensure rapid and targeted assistance in response to the ongoing crisis as far as the war persists on the territory of Ukraine.***

**Amendment 42**

**Proposal for a regulation  
Article 4 – paragraph 4**

*Text proposed by the Commission*

4. The objectives set out in paragraph 1, point (b), shall be pursued with an emphasis on developing the EDTIB throughout the Union to allow it to address, in particular, Member States' defence product needs in terms of quality, availability, delivery time and location, in line with the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular in the context of the Capability Development Plan, taking into account the objectives of the Strategic Compass for Security and Defence and the advices of the Defence Industrial Readiness Board.

*Amendment*

4. The objectives set out in paragraph 1, point (b), shall be pursued with an emphasis on developing the EDTIB throughout the Union to allow it to address, in particular, Member States' defence product needs in terms of quality, availability, delivery time and location, in line with the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular in the context of the Capability Development Plan, taking into account the objectives of the Strategic Compass for Security and Defence and the advices of the Defence Industrial Readiness Board. ***While pursuing these objectives, the deterrence needs of the Union and its Member States facing increased security threats due to proximity to third countries engaged in war or destabilizing military actions shall be taken into account.***

## Amendment 43

### Proposal for a regulation

#### Article 4 – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***4a. The Programme shall be coherent with Member States' cooperation within the framework of the Permanent Structured Cooperation, European Defence Agency (EDA) initiatives and projects, and the Union's civil and military assistance to Ukraine. The Programme shall take into account the relevant activities carried out by NATO and other partners where such activities serve the Union's security and defence interests.***

## Amendment 44

### Proposal for a regulation

#### Article 4 – paragraph 5

*Text proposed by the Commission*

*Amendment*

5. The objectives set out in paragraph 2 shall be pursued with an emphasis on enhancing cross-border cooperation between the EDTIB and the Ukrainian DTIB, taking into account the defence product needs of Ukraine, through creation of manufacturing capacities or their ramp-up in line with NATO standards, protection of assets, technical assistance and exchange of personnel, increased cooperation on common procurement of defence products for Ukraine and licensing production cooperation through public-private partnerships or other forms of cooperation, e.g. joint ventures. Special attention shall be given to the objective to support Ukraine to progressively align with Union rules, standards, policies and practices ('acquis') with a view to future Union membership.

5. The objectives set out in paragraph 2 shall be pursued with an emphasis on enhancing cross-border cooperation between the EDTIB and the Ukrainian DTIB, taking into account the defence product needs of Ukraine, through creation of manufacturing capacities or their ramp-up in line with NATO ***and other relevant*** standards, protection of assets, technical assistance and exchange of personnel, increased cooperation on common procurement of defence products for Ukraine and licensing production cooperation through public-private partnerships or other forms of cooperation, e.g. joint ventures. Special attention shall be given to the objective to support Ukraine to progressively align with Union rules, standards, policies and practices ('acquis') with a view to future Union

membership.

## **Amendment 45**

### **Proposal for a regulation**

#### **Article 5 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. At least 30% of the financial envelope referred to in paragraph 1, point (a), of this Article shall be allocated to actions referred to in Article 11, paragraph 3. Up to 25% of the financial envelope referred to in paragraph 1 of this Article may be allocated to actions referred to in Article 11, paragraph 4.***

## **Amendment 46**

### **Proposal for a regulation**

#### **Article 5 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

4. In addition to Article 12(4) of Regulation (EU, Euratom) **2018/1046**, unused commitment and payment appropriations shall be automatically carried over and may be committed and used, respectively, until 31 December of the following financial year. The amount carried over shall be used first in the following financial year. The Commission shall inform the European Parliament and the Council of commitment appropriations carried over in accordance with Article 12(6) of Regulation (EU, Euratom) **2018/1046**.

4. In addition to Article 12(4) of Regulation (EU, Euratom) **2024/2509**, unused commitment and payment appropriations shall be automatically carried over and may be committed and used, respectively, until 31 December of the following financial year. The amount carried over shall be used first in the following financial year. The Commission shall inform the European Parliament and the Council of commitment appropriations carried over in accordance with Article 12(6) of Regulation (EU, Euratom) **2024/2509**.

## **Amendment 47**

### **Proposal for a regulation**

#### **Article 5 – paragraph 5**

*Text proposed by the Commission*

5. By way of derogation from Article **209(3)**, first, second and fourth subparagraphs of Regulation (EU, Euratom) **2018/1046**, any revenues and repayments from financial instruments established under this Regulation shall constitute internal assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) **2018/1046**, to the Programme or its successor programme.

*Amendment*

5. By way of derogation from Article **212(3)**, first, second and fourth subparagraphs of Regulation (EU, Euratom) **2024/2509**, any revenues and repayments from financial instruments established under this Regulation shall constitute internal assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) **2024/2509**, to the Programme or its successor programme.

**Amendment 48**

**Proposal for a regulation  
Article 5 – paragraph 6**

*Text proposed by the Commission*

6. In addition to Article 15 of Regulation (EU, Euratom) **2018/1046**, commitment appropriations corresponding to the amount of recoveries and of decommitments shall be made available again to the Programme or the Ukraine Support Instrument or their successors in the context of the budgetary procedure.

*Amendment*

6. In addition to Article 15 of Regulation (EU, Euratom) **2024/2509** commitment appropriations corresponding to the amount of recoveries and of decommitments shall be made available again to the Programme or the Ukraine Support Instrument or their successors in the context of the budgetary procedure.

**Amendment 49**

**Proposal for a regulation  
Article 6 – paragraph 1**

*Text proposed by the Commission*

1. Member States, European Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties, may provide additional financial contributions to the Programme, including to the Fund Accelerating the defence Supply Chains Transformation (FAST) referred to in Article 19 in

*Amendment*

1. Member States, European Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties, may provide additional financial contributions to the Programme, including to the Fund Accelerating the defence Supply Chains Transformation (FAST) referred to in Article 19 in

accordance with Article **208(2)** of *the* Regulation (EU, Euratom) **No 2018/1046**. Such financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a)(ii) [point (a) FR recast], (d), or (e) or Article 21(5) of *the* Regulation (EU, Euratom) **No 2018/1046**.

accordance with Article **211(2)** of Regulation (EU, Euratom) **2024/2509**. Such financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a)(ii) [point (a) FR recast], (d), or (e) or Article 21(5) of Regulation (EU, Euratom) **2024/2509**.

## **Amendment 50**

### **Proposal for a regulation Article 6 – paragraph 3**

#### *Text proposed by the Commission*

3. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council<sup>5</sup>. The Commission shall implement those resources directly in accordance with Article 62(1), point (a) of the first subparagraph, of *the* Regulation (EU, Euratom) **No 2018/1046** or indirectly in accordance with point (c) of that subparagraph. They shall be added to the resources referred to in Article 5(3), point (a). Those resources shall be used for the benefit of the Member State concerned.

---

<sup>5</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Programme for Financial Support for Border Management and Visa Policy (OJ L

#### *Amendment*

3. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and the Council<sup>5</sup>. The Commission shall implement those resources directly in accordance with Article 62(1), point (a) of the first subparagraph, of Regulation (EU, Euratom) **2024/2509** or indirectly in accordance with point (c) of that subparagraph. They shall be added to the resources referred to in Article 5(3), point (a). Those resources shall be used for the benefit of the Member State concerned.

---

<sup>5</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Programme for Financial Support for Border Management and Visa Policy (OJ L

## **Amendment 51**

### **Proposal for a regulation Article 8 – paragraph 1**

#### *Text proposed by the Commission*

1. The Programme shall be implemented under direct management in accordance with the Regulation (EU, Euratom) **No 2018/1046** or in indirect management with bodies referred to in Article 62(1), point (c), of *the* Regulation (EU, Euratom) **No 2018/1046**.

#### *Amendment*

1. The Programme shall be implemented under direct management in accordance with the Regulation (EU, Euratom) **2024/2509** or in indirect management with bodies referred to in Article 62(1), point (c), of Regulation (EU, Euratom) **2024/2509**.

## **Amendment 52**

### **Proposal for a regulation Article 8 – paragraph 2**

#### *Text proposed by the Commission*

2. Union funding may be provided in any of the forms laid down in the Regulation (EU, Euratom) **No 2018/1046**, in particular grants, prizes, procurement, and financial instruments within blending operations under the InvestEU programme in accordance with Title X of *the* Regulation (EU, Euratom) **No 2018/1046**.

#### *Amendment*

2. Union funding may be provided in any of the forms laid down in the Regulation (EU, Euratom) **2024/2509**, in particular grants, prizes, procurement, and financial instruments within blending operations under the InvestEU programme in accordance with Title X of Regulation (EU, Euratom) **2024/2509**.

## **Amendment 53**

### **Proposal for a regulation Article 8 – paragraph 3**

#### *Text proposed by the Commission*

3. By way of derogation from Article **192(2)** of *the* Regulation (EU, Euratom) **No 2018/1046**, activities referred to in Article 11(3), point (d), for which Union funding is provided in the form of a grant,

#### *Amendment*

3. By way of derogation from Article **195(2)** of Regulation (EU, Euratom) **2024/2509**, activities referred to in Article 11(3), point (d), for which Union funding is provided in the form of a grant, and

and profit is made, the Commission may recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary carrying out the action, up to the final amount of the Union contribution. The profit is calculated by a surplus of receipts over the eligible costs of the action, where receipts are limited to Union funding, Member State funding, including procurement, other revenue generated during the action and any revenue resulting from the action. The work programme may set out further details.

profit is made, the Commission may recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary carrying out the action, up to the final amount of the Union contribution. The profit is calculated by a surplus of receipts over the eligible costs of the action, where receipts are limited to Union funding, Member State funding, including procurement, other revenue generated during the action and any revenue resulting from the action. The work programme may set out further details.

## Amendment 54

### Proposal for a regulation Article 8 – paragraph 4

*Text proposed by the Commission*

4. By way of derogation from Article **193(2)** of Regulation (EU, Euratom) **2018/1046**, financial contributions may, where relevant and necessary for the implementation of an action, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions, provided that those actions did not start before 5 March 2024 and have not been completed before the signature of the grant agreement.

*Amendment*

4. By way of derogation from Article **196(2)** of Regulation (EU, Euratom) **2024/2509**, financial contributions may, where relevant and necessary for the implementation of an action, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions, provided that those actions did not start before 5 March 2024 and have not been completed before the signature of the grant agreement.

## Amendment 55

### Proposal for a regulation Article 9 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***Member States may decide, upon a proposal from the Commission, in line with the provisions in this Regulation, to open the participation to the Programme to third countries with whom the Union***

*has entered in a Security and Defence Partnership (NBI), former members of the Union, and countries that have been granted candidate country status, under strictly defined conditions and financial requirements on the basis of ad hoc partnerships and provided that such participation does not contravene to the security and defence interests of the Union or its Member States, including the respect for the principle of good neighbourly relations. In such situations, these countries shall be considered associated countries.*

## Amendment 56

### Proposal for a regulation Article 10 – paragraph 1

*Text proposed by the Commission*

1. The eligibility criteria set out in paragraphs 2 to 7 shall apply in addition to the criteria set out in accordance with Regulation (EU, Euratom) **2018/1046**.

*Amendment*

1. The eligibility criteria set out in paragraphs 2 to 7 shall apply in addition to the criteria set out in accordance with Regulation (EU, Euratom) **2024/2509**.

## Amendment 57

### Proposal for a regulation Article 10 – paragraph 3

*Text proposed by the Commission*

3. The infrastructure, facilities, assets and resources of the recipients which are used for the purposes of the action shall be located on the territory of a Member State or of an associated country. ***Where recipients have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated country, they may use their infrastructure, facilities, assets and resources which are located or held outside the territory of the Member***

*Amendment*

3. The infrastructure, facilities, assets and resources of the recipients which are used for the purposes of the action shall be located on the territory of a Member State or of an associated country.

*States or of the associated countries, provided that such use does not contravene the security and defence interests of the Union and the Member States and is consistent with the objectives set out in Article 4.*

## **Amendment 58**

### **Proposal for a regulation Article 10 – paragraph 3 a (new)**

*Text proposed by the Commission*

*Amendment*

*3a. By way of derogation from paragraph 3 of this Article, where recipients involved in an action have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated country, they may use their infrastructure, facilities, assets or resources which are located or held outside the territory of the Member States or of the associated countries, provided that such use does not contravene the security and defence interests of the Union or its Member States, including respect for the principle of good neighbourly relations, and that such use is consistent with the objectives set out in Article 4. The costs related to activities using such infrastructure, facilities, assets or resources located outside the territory of a Member State or of an associated country shall not be eligible for support from the Programme.*

## **Amendment 59**

### **Proposal for a regulation Article 10 – paragraph 5 – subparagraph 1**

*Text proposed by the Commission*

*Amendment*

By way of derogation from paragraph 4, a legal entity established in the Union or in

By way of derogation from paragraph 4, a legal entity established in the Union or in

an associated country and controlled by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient if the acquisition of its control by a non-associated third country or a non-associated third-country entity, has been subject to screening within the meaning of Regulation (EU) 2019/452 of the European Parliament and of the Council and, where necessary, to appropriate mitigation measures, taking into account the objectives set out in Article 4 of this Regulation, or *if* guarantees approved by the Member State or the associated country in which *it* is established in accordance with its national procedures are made available to the Commission.

an associated country and controlled by a non-associated third country or a non-associated third-country entity shall be eligible to be a recipient if:

(a) the acquisition of its control by a non-associated third country or a non-associated third-country entity, has been subject to screening within the meaning of Regulation (EU) 2019/452 of the European Parliament and of the Council and, where necessary, to appropriate mitigation measures, taking into account the objectives set out in Article 4 of this Regulation, or

(b) guarantees approved by the Member State or the associated country in which *the contractor or subcontractor involved in the action* is established in accordance with its national procedures are made available to the Commission.

## **Amendment 60**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

*The guarantees may be based on a standardised template provided by the Commission, assisted by the committee referred to in Article 58, and shall be part of the tender specifications, in order to ensure a harmonised approach*

*throughout the Union.*

## **Amendment 61**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 2 – introductory part**

*Text proposed by the Commission*

The guarantees shall provide assurances that the involvement in an action of such a legal entity would not contravene the security and defence interests of the Union and its Member States as established in the framework of the CFSP pursuant to Title V of the Treaty on European Union (TEU), or the objectives set out in Article 4. The guarantees shall also comply with Article 11(8), point (c). The guarantees shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

*Amendment*

The guarantees shall provide assurances that the involvement in an action of such a legal entity would not contravene the security and defence interests of the Union and its Member States, ***including respect for international law and the principle of good neighbourly relations*** as established in the framework of the CFSP pursuant to Title V of the Treaty on European Union (TEU), or the objectives set out in Article 4. The guarantees shall also comply with Article 11(8), point (c). The guarantees shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

## **Amendment 62**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 2 – point b**

*Text proposed by the Commission*

(b) access by a non-associated third country or by a non-associated third-country entity to ***sensitive*** information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate;

*Amendment*

(b) access by a non-associated third country or by a non-associated third-country entity to ***classified*** information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate;

## **Amendment 63**

### **Proposal for a regulation**

#### **Article 10 – paragraph 5 – subparagraph 3**

*Text proposed by the Commission*

*Amendment*

***If considered to be appropriate by the Member State or the associated country in which the legal entity is established, additional guarantees may be provided.***

***deleted***

## **Amendment 64**

### **Proposal for a regulation**

#### **Article 10 – paragraph 6 – subparagraph 1**

*Text proposed by the Commission*

*Amendment*

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of associated countries, or controlled by a non-associated third country or by a non-associated third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article **11(8)**, **point (c)**.

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of associated countries, or controlled by a non-associated third country or by a non-associated third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States, ***including respect for international law and the principle of good neighbourly relations***. Such cooperation shall be consistent with the objectives set out in Article 4 and comply with Article **11**.

## **Amendment 65**

### **Proposal for a regulation**

#### **Article 10 – paragraph 6 a (new)**

*Text proposed by the Commission*

*Amendment*

***6a. Member States shall not impose additional restrictions or limitations on the participation of eligible legal entities that meet the criteria outlined in this Article, except where such measures are necessary and proportionate to safeguard***

*their essential security interests, in accordance with Article 346 of the Treaty on the Functioning of the European Union (TFEU). Any such measures must be duly justified and notified to the Commission.*

## **Amendment 66**

### **Proposal for a regulation**

#### **Article 11 – paragraph 3 – introductory part**

*Text proposed by the Commission*

3. Activities related to speeding up the adjustment to structural changes of the production capacity of defence products, including their components and corresponding raw materials insofar as they are intended or used wholly for the production of defence products (industry reinforcement actions) may cover:

*Amendment*

3. Activities related to speeding up the adjustment to structural changes of the production capacity of defence products, ***with a particular focus on their ability to be interoperable and interchangeable***, including their components and corresponding raw materials insofar as they are intended or used wholly for the production of defence products (industry reinforcement actions) may cover:

## **Amendment 67**

### **Proposal for a regulation**

#### **Article 11 – paragraph 3 – point b**

*Text proposed by the Commission*

(b) the establishment of cross-border industrial partnerships, ***including through*** public private partnerships or other forms of industrial cooperation, in a joint industrial effort, including activities that aim to coordinate the sourcing or reservation and stockpiling of defence products, components and corresponding raw materials insofar as those components and raw materials are intended or used wholly for the production of defence products, as well as to coordinate production capacities and production plans;

*Amendment*

(b) the establishment of cross-border industrial partnerships, ***across the Union and the associated countries, involving parties established in at least three Member States, in order to ensure positive spill-over effects of technology for increased long-term resilience; this shall include*** public private partnerships or other forms of industrial cooperation, ***including with SMEs, small and other mid-caps***, in a joint industrial effort, including activities that aim to coordinate the sourcing or reservation and stockpiling of defence products, components and corresponding

raw materials insofar as those components and raw materials are intended or used wholly for the production of defence products, as well as to coordinate production capacities and production plans;

## Amendment 68

### Proposal for a regulation

#### Article 11 – paragraph 3 – point d

##### *Text proposed by the Commission*

(d) fostering industrialisation and commercialisation of defence products that have been developed in the framework of actions funded by the Union or other cooperative activities conducted with support by at least two Member States including through the establishment of cross-border industrial partnerships, public private partnerships or other forms of industrial cooperation, ramping-up of initial production as well as licensing production, where appropriate;

##### *Amendment*

(d) fostering industrialisation and commercialisation of defence products, ***including those*** that have been developed in the framework of actions funded by the Union or other cooperative activities conducted with support by at least two Member States including through the establishment of cross-border industrial partnerships, ***involving parties established in at least three Member States in order to ensure positive spill-over effects of technology for increased long-term resilience; this shall include*** public private partnerships or other forms of industrial cooperation, ramping-up of initial production as well as licensing production, where appropriate, ***including for the development and integration of software solutions for defence systems***;

## Amendment 69

### Proposal for a regulation

#### Article 11 – paragraph 3 – point e

##### *Text proposed by the Commission*

(e) the testing, including the necessary infrastructure, and, as appropriate, reconditioning certification of defence products with a view to addressing their obsolescence and making them useable by end users.

##### *Amendment*

(e) the ***reconditioning, refurbishment,*** testing, including the necessary infrastructure ***with a particular focus on cybersecurity robustness,*** and, as appropriate, reconditioning certification of defence products, ***as well as the***

*modernization or upgrading of existing military equipment and production capabilities*, with a view to addressing their obsolescence and making them useable by end users;

## Amendment 70

### Proposal for a regulation Article 11 – paragraph 4

*Text proposed by the Commission*

4. Activities aiming at supporting the deployment of a European Defence Project of Common Interest.

*Amendment*

4. Activities aiming at supporting the deployment of a European Defence Project of Common Interest, *including physical infrastructure actions linked to that project*.

## Amendment 71

### Proposal for a regulation Article 11 – paragraph 5 – point a

*Text proposed by the Commission*

(a) activities that aim to increase interoperability and interchangeability, including the cross certification of defence products and activities leading to mutual recognition of certification or to facilitate the implementation of military standards;

*Amendment*

(a) activities that aim to increase interoperability and interchangeability, including the cross certification of defence products and activities leading to mutual recognition of certification or to facilitate the implementation of *NATO* military standards;

## Amendment 72

### Proposal for a regulation Article 11 – paragraph 5 – point b

*Text proposed by the Commission*

(b) activities to strengthen security of supply and resilience, in particular by facilitating the access to the defence market for SMEs, *small mid-caps, other*

*Amendment*

(b) activities to strengthen security of supply and resilience, in particular by facilitating the access to the defence market for SMEs, mid-caps and start-ups

mid-caps and start-ups and support to obtain the necessary quality and production certifications;

and support to obtain the necessary quality and production certifications;

### **Amendment 73**

#### **Proposal for a regulation Article 11 – paragraph 5 – point f**

*Text proposed by the Commission*

(f) Union support to Structures for European Armament Programme *notably* for the purpose of managing and maintaining a Defence Industrial Readiness Pool as referred to in Article 14(1), point (b);

*Amendment*

(f) *the establishment of a catalogue of defence products as referred to in Article 14(1), point (b), and* Union support to Structures for European Armament Programme *including* for the purpose of managing and maintaining a Defence Industrial Readiness Pool as referred to in Article 14(1), point (b);

### **Amendment 74**

#### **Proposal for a regulation Article 11 – paragraph 5 – point g a (new)**

*Text proposed by the Commission*

*Amendment*

*(ga) activities that aim to increase standardisation for European defence products in order to accelerate defence innovation and foster interoperability between different defence products.*

### **Amendment 75**

#### **Proposal for a regulation Article 11 – paragraph 8 – point c**

*Text proposed by the Commission*

(c) actions related to goods or services which are subject to control or restriction by non-associated third countries or by non-associated third-country entities, directly, or indirectly through one or more

*Amendment*

(c) actions related to goods or services which are subject to control or restriction by non-associated third countries or by non-associated third-country entities, directly, or indirectly through one or more

intermediate legal entities, *including in terms of technology transfer*;

intermediate legal entities, *which limits the ability of a Member State to use those products*;

## **Amendment 76**

### **Proposal for a regulation Article 11 – paragraph 8 a (new)**

*Text proposed by the Commission*

*Amendment*

**8a.** *The cost of components originating from outside the Union or associated countries shall not be higher than 35% of the estimated cost of the end product.*

*The Commission, assisted by the committee referred to in Article 58, shall develop a methodology for calculation of the cost rate of the end products.*

*Eligible entities shall take all necessary measures to progressively reduce the percentage of components originating from outside the Union or associated countries in new products, prioritizing EU and associated-country alternatives wherever possible.*

## **Amendment 77**

### **Proposal for a regulation Article 11 – paragraph 8 b (new)**

*Text proposed by the Commission*

*Amendment*

**8b.** *By way of derogation from paragraph 8, point (c), for a limited amount of time, actions related to the critical defence products in urgent demand subject to restriction by non-associated third countries or by non-associated third-country entities, directly or indirectly through one or more intermediate legal entities shall be eligible for funding provided that one of the*

*following conditions is met:*

*(a) the action is justified by the risk of materialisation of conventional military threats, provided that such products have been in use prior to ... [date of entry into force of this Regulation] in the Member State concerned, and entities participating in the action commit to studying the feasibility of replacing the products subject to restriction with a restriction-free alternative originating in the Union; or*

*(b) at least one legal entity participating in the action is not subjected to legal or contractual limitations affecting its ability to decide on the definition, adaptation and evolution of the design of the defence product related to the action, including on the substitution of the components covered by the restriction by alternative and restriction-free components originating in the Union; and all legal entities participating in the action commit to studying the feasibility of and to replacing the components that cause the restriction with an alternative, restriction-free component originating in the Union as soon as possible.*

## **Amendment 78**

### **Proposal for a regulation Article 11 – paragraph 8 c (new)**

*Text proposed by the Commission*

*Amendment*

*8c. No components shall be sourced from non-associated third countries that contravene the security and defence interests of the Union or its Member States, including respect for the principle of good neighbourly relations.*

## **Amendment 79**

**Proposal for a regulation**  
**Article 12 – title**

*Text proposed by the Commission*

*Amendment*

***Specific provisions applicable for*** common  
procurement actions

Common procurement actions

**Amendment 80**

**Proposal for a regulation**  
**Article 12 – paragraph -1 (new)**

*Text proposed by the Commission*

*Amendment*

***-1. Common procurement actions shall consist of activities related to cooperation of legal entities in the procurement of defence products, at any point in the lifecycle of defence products.***

**Amendment 81**

**Proposal for a regulation**  
**Article 12 – paragraph 6 a (new)**

*Text proposed by the Commission*

*Amendment*

***6a. When appointing a procurement agent, as referred to in paragraph 2, Member States and associated countries may require that the selected legal entity offers, under fair and non-discriminatory conditions, licensing opportunities to the non-selected eligible legal entities established in the Union for the purpose of contributing to the execution of the contract. Such licensing agreements shall allow participating companies to manufacture, assemble or supply components of the procured defence products while ensuring compliance with the necessary security and quality standards. The selected legal entity shall retain overall responsibility for contract execution. The Commission shall***

*facilitate the exchange of best practices and issue guidance, where necessary, to ensure effective implementation of this provision while safeguarding intellectual property rights and security interests.*

## **Amendment 82**

### **Proposal for a regulation Article 12 – paragraph 7 a (new)**

*Text proposed by the Commission*

*Amendment*

*7a. Before launching a common procurement procedure, the procurement agent may also inform associated countries and Ukraine of the planned procedure and provide them with the opportunity to submit a substantiated request to the procurement agent to purchase additional quantities of defence products for it. If such a request is submitted, the common procurement contract shall reserve the right of participating contracting authorities to purchase additional quantities of defence products for associated countries and Ukraine.*

## **Amendment 83**

### **Proposal for a regulation Article 12 – paragraph 7 b (new)**

*Text proposed by the Commission*

*Amendment*

*7b. The provisions of Article 11 concerning the eligibility of actions shall also apply to actions under this Article.*

## **Amendment 84**

### **Proposal for a regulation Article 13 – paragraph 1**

*Text proposed by the Commission*

1. For activities referred to in Article 11(3), point (a), (b) and (c), in order to be eligible for funding actions shall be exclusively related to the production capacities of defence products, including their components and raw materials insofar as they are intended or used wholly for the production of defence products.

*Amendment*

1. For activities referred to in Article 11(3), point (a), (b) and (c), in order to be eligible for funding actions shall be exclusively related to the production capacities of defence products ***or dual-use products***, including their components and raw materials insofar as they are intended or used wholly for the production of defence products ***or dual-use products***.

**Amendment 85**

**Proposal for a regulation**

**Article 13 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. The activities referred to in Article 11(3) may also be carried out by a SEAP.***

**Amendment 86**

**Proposal for a regulation**

**Article 14 – title**

*Text proposed by the Commission*

*Amendment*

***Specific provisions applicable for activities contributing to a*** European Military Sales Mechanism

European Military Sales Mechanism

**Amendment 87**

**Proposal for a regulation**

**Article 14 – paragraph 1 – point a**

*Text proposed by the Commission*

*Amendment*

(a) the establishment of a single, centralised, up to date catalogue of defence

(a) the establishment of a single, ***digital***, centralised, up to date catalogue of

products developed by the EDTIB;

defence products developed by the EDTIB;

## Amendment 88

### Proposal for a regulation

#### Article 14 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***1a. The catalogue of defence products referred to in paragraph 1, point (a) of this Article may be complemented by other associated countries, as indicated in Article 10.***

## Amendment 89

### Proposal for a regulation

#### Article 14 – paragraph 2

*Text proposed by the Commission*

*Amendment*

2. The Commission shall draw up the technical specifications for and procure the corporate IT platform required to establish the catalogue referred to in paragraph 1, point (a) of this Article based on consultations with the Defence Industrial Readiness Board.

2. The Commission shall draw up the technical specifications for and procure the corporate IT platform required to establish the catalogue referred to in paragraph 1, point (a) of this Article based on consultations with the Defence Industrial Readiness Board. ***The corporate IT platform shall ensure that all data is stored and processed exclusively within clouds or data centre infrastructures located in the territory of the Union, in full compliance with the highest Union data protection and cybersecurity standards and requirements, including Regulation (EU) 2019/881 of the European Parliament and of the Council<sup>1a</sup> and relevant provisions under Directive (EU) 2022/2555 of the European Parliament and of the Council<sup>1b</sup>.***

---

***<sup>1a</sup> Regulation (EU) 2019/881 of the European Parliament and of the Council***

*of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act) (OJ L 151, 7.6.2019, p. 15–69, ELI:  
<http://data.europa.eu/eli/reg/2019/881/oj>)*

*<sup>1b</sup> Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive) (OJ L 333, 27.12.2022, p. 80–152, ELI:  
<http://data.europa.eu/eli/dir/2022/2555/oj>)*

## **Amendment 90**

### **Proposal for a regulation Article 15 – title**

*Text proposed by the Commission*

*Specific provisions applicable for activities contributing to European Defence Projects of Common Interest*

*Amendment*

European Defence Projects of Common Interest (*EDPCI*)

## **Amendment 91**

### **Proposal for a regulation Article 15 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

*1a. The European Parliament or at least four Member States may submit a request to the Commission in order to identify European Defence Projects of Common Interest.*

## Amendment 92

### Proposal for a regulation Article 15 – paragraph 1 b (new)

*Text proposed by the Commission*

*Amendment*

***1b. The Commission shall examine and review any request pursuant to paragraph 1a and decide whether to identify a European Defence Project of Common Interest.***

## Amendment 93

### Proposal for a regulation Article 15 – paragraph 2 – point -a (new)

*Text proposed by the Commission*

*Amendment*

***(-a) set out the objectives and characteristics of the EDPCI in relation to the criteria laid down in this Article;***

## Amendment 94

### Proposal for a regulation Article 15 – paragraph 2 – point c

*Text proposed by the Commission*

*Amendment*

(c) take into account any views of Member States.

(c) take into account any views of Member States, ***the European Parliament and the EDA in relation to the EDPCI criteria laid down in this Article;***

## Amendment 95

### Proposal for a regulation Article 15 – paragraph 2 – point c a (new)

*Text proposed by the Commission*

*Amendment*

***(ca) take into account the participating Member States' high exposure to the risk***

*of materialisation of conventional military threats.*

## **Amendment 96**

### **Proposal for a regulation Article 15 – paragraph 3 – point a**

*Text proposed by the Commission*

(a) the project aims at developing capabilities, including those securing access to strategic domains and contested spaces, strategic enablers, and, as appropriate, systems acting as European defence infrastructure of common interest and use;

*Amendment*

(a) the project aims at developing **common** capabilities, including those securing access to strategic domains and contested spaces, strategic enablers, and, as appropriate, systems acting as European defence infrastructure of common interest and use;

## **Amendment 97**

### **Proposal for a regulation Article 15 – paragraph 3 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

***(ba) the project aims to significantly strengthen the competitiveness, efficiency and innovation capacity of the European defence technological and industrial base (EDTIB), for instance by contributing to the establishment of new cross-border cooperation, most notably with SMEs and mid-caps, and by creating positive spill-over effects on the internal market, also aiming at reducing strategic dependencies and scaling up capacities;***

## **Amendment 98**

### **Proposal for a regulation Article 15 – paragraph 3 – point b b (new)**

*Text proposed by the Commission*

*Amendment*

***(bb) the project is consistent with the***

*CARD process and with the objectives of the Strategic Compass for security and defence and other relevant documents;*

#### **Amendment 99**

##### **Proposal for a regulation**

##### **Article 15 – paragraph 3 – point b c (new)**

*Text proposed by the Commission*

*Amendment*

*(bc) the project is consistent with defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), notably in the context of the CDP, and with the objectives of the Strategic Compass for security and defence and other relevant documents; the project also pursues coherence of output with respective NATO processes, including the NATO Defence Planning Process;*

#### **Amendment 100**

##### **Proposal for a regulation**

##### **Article 15 – paragraph 3 – point b d (new)**

*Text proposed by the Commission*

*Amendment*

*(bd) the project involves at least four Member States, or three Member States and Ukraine and is genuinely open for participation to all Member States and associated countries;*

#### **Amendment 101**

##### **Proposal for a regulation**

##### **Article 15 – paragraph 3 – point b e (new)**

*Text proposed by the Commission*

*Amendment*

*(be) participating Member States or*

*associated countries fulfil the requirements stemming from NATO Standardisation Agreements (STANAGs);*

## **Amendment 102**

### **Proposal for a regulation Article 15 – paragraph 3 – point b f (new)**

*Text proposed by the Commission*

*Amendment*

*(bf) the potential overall benefits of the project extend to a wider part of the Union and aim to build a genuine common European defence.*

## **Amendment 103**

### **Proposal for a regulation Article 15 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

4. *A European Defence Project of Common Interest shall involve at least four* Member States. The European Commission *shall be able*, where relevant, to participate in the project.

4. Member States *may invite* the European Commission, where relevant, to participate in the project.

## **Amendment 104**

### **Proposal for a regulation Article 15 – paragraph 4 a (new)**

*Text proposed by the Commission*

*Amendment*

*4a. Participating Member States may decide to involve representatives of the High Representative and EDA, as well as the European Parliament as an observer.*

## **Amendment 105**

**Proposal for a regulation**  
**Article 15 – paragraph 4 b (new)**

*Text proposed by the Commission*

*Amendment*

**4b. Only Member States, Ukraine, associated countries and SEAPs shall be eligible for funding under EDPCI actions.**

**Amendment 106**

**Proposal for a regulation**  
**Article 15 – paragraph 5 a (new)**

*Text proposed by the Commission*

*Amendment*

**5a. Actions supporting the European Defence Projects of Common Interest shall consist of activities related to:**

**(a) the common procurement of defence products;**

**(b) speeding up the adjustment to structural changes of the production capacity of defence products as well as related supporting activities;**

**(c) the industrial development of new defence products or the upgrading of existing ones, without prejudice to Article 10 of Regulation (EU) 2021/697; and**

**(d) the development and procurement of necessary infrastructure.**

**Amendment 107**

**Proposal for a regulation**  
**Article 15 – paragraph 5 b (new)**

*Text proposed by the Commission*

*Amendment*

**5b. Countries participating in EDPCI actions shall ensure in the contracts that the conditions set out in Article 10 are applied to the legal entities involved in the deployment of EDPCI.**

## Amendment 108

### Proposal for a regulation

#### Article 15 – paragraph 5 c (new)

*Text proposed by the Commission*

*Amendment*

**5c. Countries participating in EDPCI shall conclude a legal arrangement regarding ownership, access and user rights.**

## Amendment 109

### Proposal for a regulation

#### Article 15 – paragraph 7

*Text proposed by the Commission*

*Amendment*

**7. The Union financial contribution referred to in Article 17 shall not exceed 25% of the amount referred to in Article 5(1).**

**deleted**

## Amendment 110

### Proposal for a regulation

#### Article 16 – paragraph 1 – introductory part

*Text proposed by the Commission*

*Amendment*

1. Each proposal shall be assessed on the basis of the following criteria:

1. Each proposal shall be assessed on the basis of the following criteria, **taking into account the objectives and priorities set for the action:**

## Amendment 111

### Proposal for a regulation

#### Article 16 – paragraph 1 – point a

*Text proposed by the Commission*

(a) defence industrial readiness: contribution to competitiveness, increase production capacities, **reduce** lead times, **eliminate** bottlenecks **thereby** increasing interoperability and interchangeability;

*Amendment*

(a) defence industrial readiness: contribution to competitiveness, increase **in** production capacities, **including compensation for the need to replenish stocks of defence products and to support the deterrence needs of the Union facing increased security threats due to proximity to third countries engaged in war or destabilizing military actions, reduction of** lead times, **elimination of** bottlenecks **as well as** increasing interoperability and interchangeability, **and the further integration and smooth functioning of the internal market for defence products;**

**Amendment 112**

**Proposal for a regulation**  
**Article 16 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) defence industrial resilience: contribution to resilience, increase timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats, and the non-dependency on non-associated third country sources.

*Amendment*

(b) defence industrial resilience: contribution to resilience, increase timely availability and supply to all locations, strengthening security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats **or geographical vulnerabilities**, and the non-dependency on non-associated third country sources;

**Amendment 113**

**Proposal for a regulation**  
**Article 16 – paragraph 1 – point c**

*Text proposed by the Commission*

(c) defence industrial cooperation: fostering **genuine** armament cooperation

*Amendment*

(c) defence industrial cooperation: fostering armament cooperation among

among Member States, associated countries or Ukraine and development and operationalisation of cross-border cooperation between undertakings established in different Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain;

Member States, associated countries or Ukraine and development and operationalisation of cross-border cooperation between undertakings established in different Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain;

#### **Amendment 114**

##### **Proposal for a regulation**

##### **Article 16 – paragraph 1 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

***(da) level of interoperability: to ensure maximum compatibility among systems to facilitate deployment and cooperation between Member States, associated countries or Ukraine, involving in particular, to a significant extent, SMEs, small mid-caps and other mid-caps as recipients, as subcontractors or as other undertakings in the supply chain;***

#### **Amendment 115**

##### **Proposal for a regulation**

##### **Article 16 – paragraph 1 – point d b (new)**

*Text proposed by the Commission*

*Amendment*

***(db) diversification of production capabilities: supporting the development of production capabilities that were previously unavailable to the applying entity, thereby increasing resilience, diversifying production, and enhancing security of supply in crisis situations;***

#### **Amendment 116**

**Proposal for a regulation**  
**Article 16 – paragraph 1 – point d c (new)**

*Text proposed by the Commission*

*Amendment*

*(dc) addressing the capability gaps of the Member States and of the Union: contribution to the development of new capabilities in Member States and the Union where such capacities are absent or limited, by supporting projects in countries that currently lack existing production, maintenance, or technological capabilities for the defence product or technology concerned.*

**Amendment 117**

**Proposal for a regulation**  
**Article 16 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

*1a. In addition to the criteria set out in paragraph 1, proposals may be evaluated on the basis of the following additional criteria:*

*(a) prevention of funding concentration: bolsters a balanced distribution of funding, contributes to a more diversified geographic and industrial participation in the Programme and prevents concentration of funds among a limited number of entities, Member States, or specific regions;*

*(b) defence procurement contribution: contribution to increasing collaborative defence procurement within the Union, with particular attention to the participation of entities from Member States who have allocated proportionally more resources to defence investments, including joint procurement projects.*

## **Amendment 118**

### **Proposal for a regulation Article 16 – paragraph 1 b (new)**

*Text proposed by the Commission*

*Amendment*

***1b. In addition to the criteria set out in paragraph 1, proposals for common procurement actions referred to in Article 11(2) shall be evaluated on the basis of the following criteria:***

***(a) the number of participating Member States or associated countries;***

***(b) the action's contribution to the adaptation, modernisation and development of the EDTIB;***

***(c) the participation of SMEs and mid-caps;***

***(d) the action's contribution to the cross-border cooperation in the supply chains throughout the Union;***

***(e) the action's contribution to increasing the timely availability of defence products;***

***(f) the action's contribution to enhanced regional cooperation for the common benefit of the Union, including through the emergence of regional clusters.***

## **Amendment 119**

### **Proposal for a regulation Article 16 – paragraph 1 c (new)**

*Text proposed by the Commission*

*Amendment*

***1c. In addition to the criteria set out in paragraph 1, proposals for industrial reinforcement actions referred to in Article 11(3) shall be evaluated based on one or more of the following criteria:***

***(a) reduction of lead production time and increase in production capacity in the***

*Union, reserved capacity and skilled workforce;*

*(b) contribution to ensuring availability and security of supply throughout the Union in response to identified risks;*

*(c) contribution to cross-border cooperation in the defence industry throughout the Union, improving the inclusion of SMEs and mid-caps, or link with orders stemming from the common procurement of defence products by at least three Member States or associated countries;*

*(d) the action's contribution to enhanced regional cooperation for the common benefit of the Union, including through the emergence of regional clusters.*

## **Amendment 120**

### **Proposal for a regulation Article 17 – paragraph 1**

*Text proposed by the Commission*

1. By way of derogation from Article **190** of *the* Regulation (EU, Euratom) **No 2018/1046**, the Programme may finance up to 100 % of the eligible costs. However, for activities referred to in Article 11(3) the support from the Programme shall not exceed 35 % of the eligible costs.

*Amendment*

1. By way of derogation from Article **193** of Regulation (EU, Euratom) **2024/2509**, the Programme may finance up to 100 % of the eligible costs. However, for activities referred to in Article 11(3) the support from the Programme shall not exceed 35 % of the eligible costs.

## **Amendment 121**

### **Proposal for a regulation Article 17 – paragraph 2 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

*(ba) the production is set to replenish stocks of defence products and support the deterrence needs of the Member States*

*and the Union facing a high exposure to the risk of materialisation of conventional military threats;*

## **Amendment 122**

### **Proposal for a regulation Article 17 – paragraph 2 – point d**

*Text proposed by the Commission*

(d) the beneficiary is an SME or small mid-cap or the majority of beneficiaries participating in a consortium are SMEs or small mid-caps.

*Amendment*

(d) the beneficiary is an SME or small mid-cap or the majority of beneficiaries participating in a consortium are SMEs or small mid-caps;

## **Amendment 123**

### **Proposal for a regulation Article 17 – paragraph 2 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

*(da) the action contributes to the strengthening or creation of cross-border cooperation between Member States, associated countries, and Ukraine.*

## **Amendment 124**

### **Proposal for a regulation Article 18 – paragraph 1**

*Text proposed by the Commission*

1. The Programme shall be implemented by work programmes as referred to in Article 110 of *the* Regulation (EU, Euratom) *No 2018/1046*. Work programmes shall set out the actions and associated budget required to meet the objectives of the Programme and, where applicable, the overall amount reserved for blending operations.

*Amendment*

1. The Programme shall be implemented by work programmes as referred to in Article 110 of Regulation (EU, Euratom) *2024/2509*. Work programmes shall set out the actions and associated budget required to meet the objectives of the Programme and, where applicable, the overall amount reserved for blending operations.

## Amendment 125

### Proposal for a regulation Article 18 – paragraph 2

*Text proposed by the Commission*

2. The Commission shall adopt work programmes by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).

*Amendment*

2. The Commission shall adopt work programmes by means of implementing acts. ***The first such work programme shall be adopted within six months of the entry into force of the Regulation.*** Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 58(3).

## Amendment 126

### Proposal for a regulation Article 18 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***2a. Before the adoption of any given work programme, the Commission shall present the draft versions to the European Parliament in the form of an exchange of views and address any questions posed by its members, facilitating informed dialogue and oversight.***

## Amendment 127

### Proposal for a regulation Article 18 – paragraph 2 b (new)

*Text proposed by the Commission*

*Amendment*

***2b. During the preparation and prior to the publication of the work programmes, the Commission shall consult stakeholders from all Member States to gather diverse perspectives and ensure comprehensive representation of defence industry.***

## Amendment 128

### Proposal for a regulation Article 19 – paragraph 1

*Text proposed by the Commission*

1. In order to leverage, de-risk and speed-up investments needed to increase the defence manufacturing capacities of SMEs and small mid-caps, a blending operation offering debt and/or equity support may be established (Fund to Accelerate defence Supply-chains' Transformation (FAST)). It shall be implemented in accordance with Title X of *the* Regulation (EU, Euratom) *No 2018/1046* and Regulation (EU) 2021/523<sup>6</sup>

---

<sup>6</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30–89, ELI: <http://data.europa.eu/eli/reg/2021/523/oj>).

## Amendment 129

### Proposal for a regulation Article 21 – paragraph 6 – subparagraph 1

*Text proposed by the Commission*

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of Ukraine, or controlled by a third country or by a third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States. Such cooperation shall be consistent with the objectives set out in

*Amendment*

1. In order to leverage, de-risk and speed-up investments needed to increase the defence manufacturing capacities of SMEs and small mid-caps, a blending operation offering debt and/or equity support may be established (Fund to Accelerate defence Supply-chains' Transformation (FAST)). It shall be implemented in accordance with Title X of Regulation (EU, Euratom) **2024/2509** and Regulation (EU) 2021/523<sup>6</sup>.

---

<sup>6</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30–89, ELI: <http://data.europa.eu/eli/reg/2021/523/oj>).

*Amendment*

When carrying out an eligible action, recipients may also cooperate with legal entities established outside the territory of the Member States or of Ukraine, or controlled by a third country or by a third-country entity, including by using the assets, infrastructure, facilities and resources of such legal entities, provided that this does not contravene the security and defence interests of the Union and its Member States. Such cooperation shall be consistent with the objectives set out in

Article 4 and comply with Article **II(8)**,  
**point (c)**.

Article 4 and comply with Article **II**.

### **Amendment 130**

#### **Proposal for a regulation Article 22 – paragraph 1**

*Text proposed by the Commission*

1. A Structure for European Armament Programme (SEAP) shall foster the competitiveness of the EDTIB and of the Ukrainian DTIB by aggregating the demand for defence products throughout their lifecycle.

*Amendment*

1. A Structure for European Armament Programme (SEAP) shall foster the competitiveness of the EDTIB and of the Ukrainian DTIB by aggregating the demand for ***and ensuring the timely availability and supply of*** defence products throughout their lifecycle ***as well as by stimulating cross-border industrial cooperation***.

### **Amendment 131**

#### **Proposal for a regulation Article 23 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) a SEAP shall be established by at least three Member States, ***associated countries or Ukraine***.

*Amendment*

(b) a SEAP shall be established by:

***i) at least four countries, including associated countries, Ukraine and*** at least three Member States; ***or***

***ii) at least three Member States;***

### **Amendment 132**

#### **Proposal for a regulation Article 23 – paragraph 1 – point c**

*Text proposed by the Commission*

(c) ***a SEAP shall have as members at least two Member States;***

*Amendment*

***deleted***

## Amendment 133

### Proposal for a regulation Article 23 – paragraph 1 – point d

*Text proposed by the Commission*

(d) a SEAP shall continue the lifecycle of the defence product or technology, until its decommissioning.

*Amendment*

(d) a SEAP shall continue the lifecycle of the defence product or technology, until its decommissioning, ***or until its winding-up;***

## Amendment 134

### Proposal for a regulation Article 23 – paragraph 1 – point d a (new)

*Text proposed by the Commission*

*Amendment*

***(da) a SEAP shall not be in contradiction with respective NATO processes such as the NATO Defence Planning Process (NDPP).***

## Amendment 135

### Proposal for a regulation Article 26 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***1a. Participating Member States and associated countries shall fulfil the requirements stemming from NATO Standardisation Agreements (STANAGs).***

## Amendment 136

### Proposal for a regulation Article 26 – paragraph 3

*Text proposed by the Commission*

3. A SEAP may also cooperate with non-associated third countries or non-associated third country entities, including by using the assets, infrastructure, facilities and resources, provided that this does not contravene the security and defence interests of the Union and its Member States.

*Amendment*

3. A SEAP may also cooperate with non-associated third countries or non-associated third country entities, including by using the assets, infrastructure, facilities and resources, provided that this does not contravene the security and defence interests of the Union and its Member States, ***including respect for international law and the principle of good neighbourly relations.***

**Amendment 137**

**Proposal for a regulation  
Article 34 – title**

*Text proposed by the Commission*

Conditions to open framework agreements to other Member States

*Amendment*

Conditions to open ***contracts and*** framework agreements to other Member States

**Amendment 138**

**Proposal for a regulation  
Article 34 – paragraph 1**

*Text proposed by the Commission*

1. Where at least two Member States enter into an agreement to commonly procure defence products and where the extreme urgency of the situation justifies it, the rules provided for in paragraphs 2 to 6 may be applied to framework agreements that do not include rules governing the possibility to substantially amend it so that its provisions may apply to contracting authorities/entities which are not originally party to the framework agreement.

*Amendment*

1. Where at least two Member States enter into an agreement to commonly procure defence products ***for themselves or for Ukraine*** and where the extreme urgency of the situation justifies it, the rules provided for in paragraphs 2 to 6 may be applied to ***contracts, framework agreements and contracts based on these framework agreements***, that do not include rules governing the possibility to substantially amend it so that its provisions may apply to contracting authorities/entities which are not originally party to the ***contract, framework***

*agreement or contract based on that framework agreement.*

## Amendment 139

### Proposal for a regulation Article 34 – paragraph 2

*Text proposed by the Commission*

2. By way of derogation from Article 29(2), second subparagraph, of Directive 2009/81/EC, a contracting authority/entity may modify an existing framework agreement with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, which has been concluded following one of the procedures provided for by Article 25 of that Directive so that its provisions may apply to contracting authorities/entities which are not originally party to the framework agreement.

*Amendment*

2. By way of derogation from Article 29(2), second subparagraph, of Directive 2009/81/EC, **and from Article 175(2) of Regulation (EU, Euratom) 2024/2509**, a contracting authority/entity may modify an existing **contract**, framework agreement **or contract based on that framework agreement**, with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, which has been concluded following one of the procedures provided for by Article 25 of that Directive so that its provisions may apply to contracting authorities/entities which are not originally party to the **contract**, framework agreement **or contract based on that framework agreement**.

## Amendment 140

### Proposal for a regulation Article 34 – paragraph 3

*Text proposed by the Commission*

3. By way of derogation from Article 29(2), third subparagraph, of Directive 2009/81/EC, a contracting authority/entity may make substantial amendments to the quantities laid down in an existing framework agreement with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, insofar as that is strictly necessary for the application of paragraph 2 of this Article. Where quantities laid down in an existing

*Amendment*

3. By way of derogation from Article 29(2), third subparagraph, of Directive 2009/81/EC, **and from Article 175(2) of Regulation (EU, Euratom) 2024/2509**, a contracting authority/entity may make substantial amendments to the quantities laid down in an existing **contract or** framework agreement with an undertaking complying with the provisions laid out in Article 10, paragraphs 1 and 2, insofar as that is strictly necessary for the application

framework agreement are substantially modified pursuant to this paragraph, any economic operator that meets the contracting authority's/entity's conditions initially laid down in the public procurement procedure for the framework agreement, including requirements for qualitative selection as referred to in Articles 39 to 46 of Directive 2009/81/EC, and which complies with the provisions laid out in Article 10, paragraphs 1 and 2, shall be given the opportunity to join that framework agreement. The contracting authority/entity shall open that possibility by means of an ad hoc notice published in the Official Journal of the European Union.

of paragraph 2 of this Article. Where quantities laid down in an existing **contract or** framework agreement are substantially modified pursuant to this paragraph, any economic operator that meets the contracting authority's/entity's conditions initially laid down in the public procurement procedure for the **contract or** framework agreement, including requirements for qualitative selection as referred to in Articles 39 to 46 of Directive 2009/81/EC, and which complies with the provisions laid out in Article 10, paragraphs 1 and 2, shall be given the opportunity to join that **contract or** framework agreement. The contracting authority/entity shall open that possibility by means of an ad hoc notice published in the Official Journal of the European Union.

## **Amendment 141**

### **Proposal for a regulation**

#### **Article 34 – paragraph 4**

##### *Text proposed by the Commission*

4. The principle of non-discrimination shall apply to contracts and framework agreements referred to in paragraphs 2 and 3 with regard to the additional quantities, and particularly to the relationships between contracting authorities/entities of Member States referred to in paragraph 1.

##### *Amendment*

4. The principle of non-discrimination shall apply to contracts and **framework agreements and contracts based on** framework agreements referred to in paragraphs 2 and 3 with regard to the additional quantities, and particularly to the relationships between contracting authorities/entities of Member States referred to in paragraph 1.

## **Amendment 142**

### **Proposal for a regulation**

#### **Article 34 – paragraph 5**

##### *Text proposed by the Commission*

5. Contracting authorities which modified a contract in the cases referred to

##### *Amendment*

5. Contracting authorities which modified a contract, **framework agreement**

in paragraphs 2 and 3 of this Article shall publish a notice to that effect in the Official Journal of the European Union. Such notice shall be published in accordance with Article 32 of Directive 2009/81/EC.

***or contract based on a framework agreement*** in the cases referred to in paragraphs 2 and 3 of this Article shall publish a notice to that effect in the Official Journal of the European Union. Such notice shall be published in accordance with Article 32 of Directive 2009/81/EC.

## **Amendment 143**

### **Proposal for a regulation**

#### **Article 35 – paragraph 1 – introductory part**

*Text proposed by the Commission*

1. ***By derogation to [Article 168 of the Financial Regulation recast]***, Member States, associated countries and, where relevant, Ukraine may request the Commission:

*Amendment*

1. ***At least three Member States, or at least four countries, including at least three*** Member States, associated countries and, where relevant, Ukraine may request the Commission:

## **Amendment 144**

### **Proposal for a regulation**

#### **Article 35 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) to engage in a joint procurement with them as ***as*** referred to in ***[Article 168(2) of the Financial Regulation recast]*** whereby Member States, associated countries or Ukraine may acquire, rent or lease fully the defence products jointly procured;

*Amendment*

(a) to engage in a joint procurement with them as referred to in ***Article 171(2) of Regulation (EU, Euratom) 2024/2509*** whereby Member States, associated countries or Ukraine may acquire, rent or lease fully the defence products jointly procured;

## **Amendment 145**

### **Proposal for a regulation**

#### **Article 35 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) to act as a central purchasing body

*Amendment*

(b) to act as a central purchasing body

to procure on behalf of the interested Member States or in their name defence products, as referred to in [Article 168(3) of *the Financial Regulation recast*].

to procure on behalf of the interested Member States, *associated countries or Ukraine* or in their name defence products, as referred to in Article 168(3) of Regulation (EU, Euratom) 2024/2509.

## Amendment 146

### Proposal for a regulation Article 35 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***1a. The Commission shall assess, without delay and in consultation with the Defence Industrial Readiness Board, the necessity and proportionality of the request referred to in paragraph 1. Where the Commission intends not to grant that request, it shall inform the requesters and the Defence Industrial Readiness Board and give reasons for its refusal.***

## Amendment 147

### Proposal for a regulation Article 35 – paragraph 1 b (new)

*Text proposed by the Commission*

*Amendment*

***1b. Where the Commission agrees to procure on behalf of or in the name of the participating countries, it shall:***

***(a) inform requesters and the Defence Industrial Readiness Board of its intention to carry out the procurement procedure; and***

***(b) draw up a proposal for an agreement to be concluded with the participating countries regulating the rights and obligations of the parties.***

## Amendment 148

**Proposal for a regulation**  
**Article 35 – paragraph 1 c (new)**

*Text proposed by the Commission*

*Amendment*

***1c. The joint procurement procedure shall be preceded by a joint procurement agreement between the Commission and the participating countries in order to determine the practical arrangements governing the procurement and the award criteria, in accordance with relevant Union law.***

**Amendment 149**

**Proposal for a regulation**  
**Article 35 – paragraph 1 d (new)**

*Text proposed by the Commission*

*Amendment*

***1d. The agreement based on the proposal referred to in point (b) of paragraph 1b allowing the Commission to procure on their behalf or in the name of participating countries, shall lay down the detailed conditions for the procurement, including practical arrangements, proposed maximum quantities, conditions of the common purchasing or renting on behalf of or in the name of the participating countries, including prices and delivery timeframes.***

**Amendment 150**

**Proposal for a regulation**  
**Article 35 – paragraph 2 – introductory part**

*Text proposed by the Commission*

*Amendment*

***2. The procurement procedure referred to in paragraph 1, shall comply with the following conditions:***

***2. Participation in the joint procurement procedure shall be open to all Member States, associated countries and Ukraine.***

***(a) participation in launching the***

*procurement procedure shall be open to all Member States, associated countries and Ukraine, by way of derogation from [Article 168(2) and (3) of the Financial Regulation recast];*

*(b) the Commission invites at least 4 experts with relevant experience for the negotiations from participating countries with production capacities for the concerned defence product to form a joint negotiation team;*

*(c) participating countries explicitly state whether they decide to run parallel negotiation processes for that product. The decision to run parallel negotiation processes for that product shall be subject to unanimous approval by participating countries;*

#### **Amendment 151**

##### **Proposal for a regulation**

##### **Article 35 – paragraph 3 – subparagraph 1**

###### *Text proposed by the Commission*

As part of the procurement referred to in paragraph 1(b), the Commission may procure relevant components and raw materials of defence products for the purpose of building strategic reserves.

###### *Amendment*

As part of the procurement referred to in paragraph 1(b), the Commission may procure relevant components and raw materials of defence products for the purpose of building strategic reserves *by participating countries, including stockpiles.*

#### **Amendment 152**

##### **Proposal for a regulation**

##### **Article 35 – paragraph 3 – subparagraph 2**

###### *Text proposed by the Commission*

When duly justified by the extreme urgency of the situation the Commission may, by way of derogation from Article **172(1)** of Regulation (EU, Euratom)

###### *Amendment*

When duly justified by the extreme urgency of the situation the Commission may, by way of derogation from Article **175(1)** of Regulation (EU, Euratom)

**2018/1046**, request the delivery of goods or services from the date on which the draft contracts resulting from the procurement carried out for the purposes of this Regulation are sent, which shall be no later than 24 hours as from the award.

**2024/2509**, request the delivery of goods or services from the date on which the draft contracts resulting from the procurement carried out for the purposes of this Regulation are sent, which shall be no later than 24 hours as from the award.

### **Amendment 153**

#### **Proposal for a regulation**

##### **Article 35 – paragraph 8 a (new)**

*Text proposed by the Commission*

*Amendment*

**8a.** *The Commission shall inform the European Parliament about the procurement procedures conducted in accordance with this Article and, upon request, grant access to the contracts that are concluded as a result of those procedures, subject to the adequate protection of commercially sensitive information, including business secrets, commercial relations and the interests of the Union.*

### **Amendment 154**

#### **Proposal for a regulation**

##### **Article 35 – paragraph 8 b (new)**

*Text proposed by the Commission*

*Amendment*

**8b.** *Where the Commission cancels the procurement procedure in accordance with Article 174 of Regulation (EU, Euratom) 2024/2509, it shall immediately inform the participating countries thereof, so that they can initiate their own procurement procedures without delay.*

### **Amendment 155**

#### **Proposal for a regulation**

##### **Article 35 a (new)**

***Article 35a***

***Negotiating mandate of the Commission***

- 1. The agreement referred to in Article 35(1c) shall establish a negotiating mandate for the Commission to procure, on behalf of or in the name of the participating countries, the relevant defence products through the conclusion of new contracts. That negotiating mandate shall include the award criteria.***
- 2. The Commission shall invite participating countries to nominate representatives to take part in the negotiation of the agreement referred to in Article 35(1c), as well as in the preparation of the public procurement procedure.***
- 3. Under that agreement, the Commission shall be entitled, when procuring on behalf of or in the name of the participating countries, to enter into contracts with economic operators, including individual producers of defence products, concerning the supply of such products.***
- 4. Without prejudice to Article 174 of Regulation (EU, Euratom) 2024/2509, the Commission shall carry out the procurement procedures on behalf of or in the name of the participating countries, including the adoption of the award decision and conclude the resulting contracts with the economic operators.***
- 5. When implementing the resulting agreements and when carrying out the procurement procedures, the Commission shall ensure that participating countries are treated in a non-discriminatory manner.***

**Amendment 156**

**Proposal for a regulation**  
**Article 35 b (new)**

*Text proposed by the Commission*

*Amendment*

**Article 35b**

**Exclusivity clause**

- 1. The agreement governing the Commission's procurement mandate referred to in Article 35(1c) shall, where appropriate, provide for an exclusivity clause, under which participating countries commit to not procuring the defence products in question through other channels and to not running parallel negotiations.**
- 2. Where an exclusivity clause is provided for, it shall stipulate that the participating countries are allowed to launch their own procurement procedure for the acquisition of additional quantities of defence products that are subject to the ongoing joint procurement or procurement by the Commission on behalf of or in the name of the participating countries in a manner that does not undermine the ongoing procurement, subject to the agreement of the Commission and after consulting all other participating countries.**
- 3. The request for such an agreement shall be addressed to the Commission, who shall forward it to the other participating countries for their consideration.**

**Amendment 157**

**Proposal for a regulation**  
**Article 37 – paragraph 2 – point b a (new)**

*Text proposed by the Commission*

*Amendment*

- (ba) the estimated delivery lead time of defence products within the framework of**

*the off-take agreement;*

## Amendment 158

### Proposal for a regulation

#### Article 39 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

**3a.** *In accordance with the principle of mutual trust, the Commission, in consultation with the European Defence Agency and Member States, shall support the development of a framework for cross-certification of defence industry standards, ensuring that certifications granted in one Member State are valid across the Union, in line with the objective of fostering greater interoperability and market access within the European Defence sector.*

## Amendment 159

### Proposal for a regulation

#### Article 40 – paragraph 1

*Text proposed by the Commission*

*Amendment*

1. The Commission shall carry out a mapping of the Union's defence supply-chains, *in cooperation with the Defence Industrial Readiness Board.*

1. The Commission, *supported by the Member States within the framework of Defence Industrial Readiness Board*, shall carry out *and regularly update* a mapping of the Union's defence supply-chains, *based on the input provided by these Member States.*

## Amendment 160

### Proposal for a regulation

#### Article 40 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

**1a.** *The Commission, in cooperation*

*with the Defence Industrial Readiness Board, shall carry out the mapping regarding the identification of crisis-relevant products and of early warning indicators.*

## **Amendment 161**

### **Proposal for a regulation Article 40 – paragraph 1 b (new)**

*Text proposed by the Commission*

*Amendment*

***1b. The Member States in cooperation with the Commission shall carry out the mapping regarding the identification of main suppliers of crisis-relevant products and their production capacities.***

## **Amendment 162**

### **Proposal for a regulation Article 40 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

***2. The Defence Industrial Readiness Board shall draw up a list of defence products which are critical for the security and defence interests of the Union and of its Member States, in particular the reinforcement of Member States' defence capabilities and the readiness of the EDTIB ('key defence products'). That list shall be updated on a regular basis, at least every year.***

***deleted***

## **Amendment 163**

### **Proposal for a regulation Article 40 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

***3. The Commission shall, **after*****

***3. The Commission shall, **in*****

*consulting* the Defence Industrial Readiness Board, develop a framework and methodology for the identification of crisis-relevant products, with an emphasis on identifying bottlenecks, as well as their related manufacturing capacities in the Union.

*cooperation with the Member States within the framework of* the Defence Industrial Readiness Board, develop a framework and methodology for the identification of crisis-relevant products, with an emphasis on identifying bottlenecks, as well as their related manufacturing capacities in the Union.

## Amendment 164

### Proposal for a regulation Article 40 – paragraph 5

#### *Text proposed by the Commission*

5. To *do so*, the Commission shall use, *inter alia*, publicly and commercially available data and relevant non-confidential information from undertakings, the result of similar analysis performed, including in the context of Union law on raw materials and renewable energy, as well as the evaluations carried out pursuant to Article 66(1). Where this is not enough to identify the crisis-relevant products, the Commission may issue voluntary information requests to relevant actors involved in the concerned value chains and based in the Union, after consulting the Defence Industrial Readiness Board.

#### *Amendment*

5. To *conduct the mappings referred to in paragraph 1a*, the Commission shall use, publicly and commercially available data and relevant non-confidential information from undertakings, the result of similar analysis performed, including in the context of Union law on raw materials and renewable energy, *the IMERA, the Chips Act*, as well as the evaluations carried out pursuant to Article 66(1). Where this is not enough to identify the crisis-relevant products, the Commission may issue voluntary information requests to relevant actors involved in the concerned value chains and based in the Union, after consulting the Defence Industrial Readiness Board. *The Commission's requests shall expressly indicate that the economic operator remains free to refuse such a request.*

## Amendment 165

### Proposal for a regulation Article 40 – paragraph 8

#### *Text proposed by the Commission*

8. The Commission shall, on the basis of the outcome of the activities carried out

#### *Amendment*

8. The Commission, shall, on the basis of the outcome of the activities carried out

pursuant to paragraph 4 and after consulting the Defence Industrial Readiness Board, develop a list of early warning indicators. The Commission, after consulting the Defence Industrial Readiness Board, shall review the list of early warning indicators on a regular basis, at least every two years.

pursuant to paragraph 4 and after consulting ***the Member States within the framework of*** the Defence Industrial Readiness Board, develop a list of early warning indicators. The Commission, after consulting the Defence Industrial Readiness Board, shall review the list of early warning indicators on a regular basis, at least every two years.

## **Amendment 166**

### **Proposal for a regulation**

#### **Article 41 – paragraph 1 – subparagraph 1 – introductory part**

##### *Text proposed by the Commission*

The Commission, ***in consultation with*** the Defence Industrial Readiness Board, shall carry out regular monitoring of the Union’s manufacturing capacities necessary for the supply of crisis-relevant products, identified in accordance with Article 40, paragraph (6) with a view to identifying factors that may disrupt, compromise or negatively affect the supply of the key defence products they contribute to provide. The monitoring shall consist of the following activities:

##### *Amendment*

The Commission ***supported by the Member States, within the framework of*** the Defence Industrial Readiness Board, shall carry out regular monitoring of the Union’s manufacturing capacities necessary for the supply of crisis-relevant products, identified in accordance with Article 40, paragraph (6) with a view to identifying factors that may disrupt, compromise or negatively affect the supply of the key defence products they contribute to provide. The monitoring shall consist of the following activities:

## **Amendment 167**

### **Proposal for a regulation**

#### **Article 41 – paragraph 2**

##### *Text proposed by the Commission*

2. The Commission shall pay particular attention to SMEs to minimise administrative burden resulting from the information collection.

##### *Amendment*

2. The Commission ***and the Member states*** shall pay particular attention to SMEs to minimise administrative burden resulting from the information collection.

## **Amendment 168**

**Proposal for a regulation**  
**Article 41 – paragraph 3**

*Text proposed by the Commission*

3. The Commission may invite, after consulting the Defence Industrial Readiness Board, key market actors referred to in Article 42, **Member States**, national defence industry associations and other relevant stakeholders to provide information, on a voluntary basis, for the purpose of carrying out monitoring activities in accordance with paragraph 1, **first subparagraph, point (a)**.

**Amendment 169**

**Proposal for a regulation**  
**Article 41 – paragraph 6**

*Text proposed by the Commission*

6. Without prejudice to their essential security interests and the protection of commercially confidential information resulting from agreements entered into by Member States, Member States shall, where appropriate, provide the Defence Industrial Readiness Board with any additional relevant information, in particular on the potential or future adoption at national level measures for the procurement, purchase or manufacturing of crisis-relevant products.

**Amendment 170**

**Proposal for a regulation**  
**Article 41 – paragraph 7**

*Text proposed by the Commission*

7. On the basis of the information collected through the activities under paragraph 1, the Commission shall provide

*Amendment*

3. The Commission **and the Member States** may invite, after consulting the Defence Industrial Readiness Board, key market actors referred to in Article 42, national defence industry associations and other relevant stakeholders to provide information, on a voluntary basis, for the purpose of carrying out monitoring activities in accordance with paragraph 1.

*Amendment*

6. Without prejudice to their essential security interests and the protection of commercially confidential information resulting from agreements entered into by Member States, Member States shall, where appropriate, provide the Defence Industrial Readiness Board **and the Commission** with any additional relevant information, in particular on the potential or future adoption at national level measures for the procurement, purchase or manufacturing of crisis-relevant products.

*Amendment*

7. On the basis of the information collected through the activities under paragraph 1, the Commission shall provide

a report of the aggregated findings to the Defence Industrial Readiness Board in the form of regular updates. The Defence Industrial Readiness Board shall meet to assess the results of the monitoring. Where relevant, the chair of the Defence Industrial Readiness Board may invite national defence industrial associations, key market actors, and experts from academia and civil society to such meetings.

a report of the aggregated findings to the Defence Industrial Readiness Board in the form of regular updates. ***This report shall constitute classified information.*** The Defence Industrial Readiness Board shall meet to assess the results of the monitoring. Where relevant, the chair of the Defence Industrial Readiness Board ***and the Member States*** may invite national defence industrial associations, key market actors, and experts from academia and civil society to such meetings.

## **Amendment 171**

### **Proposal for a regulation Article 42 – paragraph 1 – point c**

*Text proposed by the Commission*

(c) the impact that a disruption of supply of the product provided by the market actor could have on the supply of crisis-relevant products.

*Amendment*

(c) the impact that a disruption of supply of the product provided by the market actor could have on the supply of crisis-relevant products ***with a particular view on the impact on the internal market and possible disruptions thereof.***

## **Amendment 172**

### **Proposal for a regulation Article 42 – paragraph 2**

*Text proposed by the Commission*

2. Member States shall report on major events that may hinder the regular operations of the activities as referred to in paragraph 1.

*Amendment*

2. Member States shall report on major events that may hinder the regular operations of the activities as referred to in paragraph 1. ***This reporting shall not include classified information.***

## **Amendment 173**

### **Proposal for a regulation Article 46 – paragraph 8**

*Text proposed by the Commission*

8. If an undertaking supplies incorrect, incomplete or misleading information in response to a request made pursuant to this Article, or does not supply the information within the prescribed time limit, it shall be subject to fines set in accordance with Article 55, except where the undertaking has sufficient reasons for not supplying the requested information.

*Amendment*

8. If an undertaking supplies incorrect, incomplete or misleading information in response to a request made pursuant to this Article, or does not supply the information within the prescribed time limit, it shall be subject to fines set in accordance with Article 55, except where the undertaking has sufficient reasons for not supplying the requested information. ***Sufficient reasons shall be deemed existent where the processing of the information request by an economic operator has the potential to significantly disrupt its operations or when the information is classified and marked as for national use only or the disclosure of which would significantly harm its business activity.***

**Amendment 174**

**Proposal for a regulation  
Article 47 – paragraph 2**

*Text proposed by the Commission*

2. Upon a request referred to in paragraph 1, the Commission may, after consulting the Member State of establishment of the undertaking concerned and with its agreement, notify the undertaking concerned of its intent to impose a priority rated order.

*Amendment*

2. Upon a request referred to in paragraph 1, the Commission may, after consulting the Member State of establishment of the undertaking concerned and with its ***prior*** agreement, notify the undertaking concerned of its intent to impose a priority rated order.

**Amendment 175**

**Proposal for a regulation  
Article 47 – paragraph 11**

*Text proposed by the Commission*

11. Any conflict between a priority rated order and a measure under any other prioritisation mechanism of the Union shall

*Amendment*

11. Any conflict between a priority rated order and a measure under any other prioritisation mechanism of the Union shall

be resolved by the Commission, based on the weighing of the public interest.

be resolved by the Commission *in consultation with the Member States concerned*, based on the weighing of the public interest. *Imposing a priority rated order to an undertaking already subject to another prioritisation mechanism of the Union shall only be admissible when all other options have been exhausted and as a matter of last resort.*

## Amendment 176

### Proposal for a regulation Article 48 – paragraph 2

#### *Text proposed by the Commission*

2. Where a security-related supply crisis occurs or where the Commission or the Defence Industrial Readiness Board becomes aware of a potential security-related supply crisis pursuant to Article 43, the Commission shall assess, with the support of the High-Representative, whether the conditions of paragraph 1 of this Article are met. That assessment shall take into account the potential positive and negative impacts and consequences of the security-related supply crisis state on the Union's defence supply chains. Where that assessment provides concrete and reliable evidence, the Commission may propose to the Council to activate the security-related supply crisis state.

#### *Amendment*

2. Where a security-related supply crisis occurs or where the Commission or the Defence Industrial Readiness Board becomes aware of a potential security-related supply crisis pursuant to Article 43, the Commission shall assess, with the support of the High-Representative, whether the conditions of paragraph 1 of this Article are met. That assessment shall take into account the potential positive and negative impacts and consequences of the security-related supply crisis state on the Union's defence supply chains *as well as mechanisms and relevant indicators applicable under the IMERA*. Where that assessment provides concrete and reliable evidence, the Commission may propose to the Council to activate the security-related supply crisis state.

## Amendment 177

### Proposal for a regulation Article 48 – paragraph 7

#### *Text proposed by the Commission*

7. The Commission, after consulting the Defence Industrial Readiness Board,

#### *Amendment*

7. The Commission, after consulting the Defence Industrial Readiness Board

may propose to the Council to adopt an implementing act activating additional measures or deactivating any activated measures set out in Articles 49 to 54, in addition to those measures that it had already activated, where that is appropriate to address the crisis, taking into account the need to ensure a high level of security of the Union, Member States and Union citizens.

***and, where applicable and appropriate, the Internal Market Emergency and Resilience Board***, may propose to the Council to adopt an implementing act activating additional measures or deactivating any activated measures set out in Articles 49 to 54, in addition to those measures that it had already activated, where that is appropriate to address the crisis, taking into account the need to ensure a high level of security of the Union, Member States and Union citizens.

## **Amendment 178**

### **Proposal for a regulation Article 52 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) activities that aim at rapid adaptation and modification of civilian products for defence applications;

*Amendment*

(a) activities that aim at rapid adaptation and modification of civilian products for defence applications ***to the extent that those activities comply with international and Union law, including applicable conventions and agreements;***

## **Amendment 179**

### **Proposal for a regulation Article 57 – paragraph 3**

*Text proposed by the Commission*

3. To assist the Commission in the implementation of the measures referred to in Chapter II, the Defence Industrial Readiness Board shall assist the latter in the identification of funding priority areas, taking into account the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular in the context of the Capability Development Plan.

*Amendment*

3. To assist the Commission in the implementation of the measures referred to in Chapter II, the Defence Industrial Readiness Board shall assist the latter in ***defining and in*** the identification of funding priority areas, taking into account ***their individual or collective international obligations and*** the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular in the context of the

## Amendment 180

### Proposal for a regulation

#### Article 57 – paragraph 5 – point c

*Text proposed by the Commission*

(c) providing guidance on the implementation of the measures chosen to respond to supply crisis at Union level;

*Amendment*

(c) providing guidance on the implementation of the measures chosen to respond to supply crisis at Union level, ***including to ensure the timely availability and supply of crisis-relevant products;***

## Amendment 181

### Proposal for a regulation

#### Article 57 – paragraph 7

*Text proposed by the Commission*

7. The Defence Industrial Readiness Board shall be composed of the representatives of the Commission, the High-Representative and Head of the European Defence Agency, Member States and associated countries. Each Member State or associated country shall nominate one representative and one alternate representative. The Board shall be chaired by the Commission for the purposes of the tasks laid down in this Regulation. The secretariat of the Defence Industrial Readiness Board shall be ensured by the Commission.

*Amendment*

7. The Defence Industrial Readiness Board shall be composed of the representatives of the Commission, the High-Representative and Head of the European Defence Agency, Member States and associated countries. ***The European Parliament representative shall take part as an observer.*** Each Member State or associated country shall nominate one representative and one alternate representative. The Board shall be chaired by the Commission for the purposes of the tasks laid down in this Regulation. The secretariat of the Defence Industrial Readiness Board shall be ensured by the Commission.

## Amendment 182

### Proposal for a regulation

#### Article 57 – paragraph 8

*Text proposed by the Commission*

8. The Defence Industrial Readiness Board shall meet whenever the situation requires, upon request from the Commission or a Member State or an associated country. ***It*** shall adopt its rules of procedure on the basis of a proposal submitted by the Commission.

*Amendment*

8. The Defence Industrial Readiness Board shall meet whenever the situation requires, upon request from the Commission or a Member State or an associated country. ***The European Parliament may also request a meeting through a decision of its competent committee. The Defence Industrial Readiness Board*** shall adopt its rules of procedure on the basis of a proposal submitted by the Commission.

**Amendment 183**

**Proposal for a regulation  
Article 57 – paragraph 9**

*Text proposed by the Commission*

9. The Defence Industrial Readiness Board may issue opinions, upon the request of the Commission or on its own initiative. The Defence Industrial Readiness Board shall endeavour to find solutions which command the widest possible support.

*Amendment*

9. The Defence Industrial Readiness Board may issue opinions ***or recommendations***, upon the request of the Commission, ***the European Parliament*** or on its own initiative. The Defence Industrial Readiness Board shall endeavour to find solutions which command the widest possible support.

**Amendment 184**

**Proposal for a regulation  
Article 57 – paragraph 10**

*Text proposed by the Commission*

10. The Defence Industrial Readiness Board shall invite, at least once a year, representatives from National Defence Industrial Associations and selected industrial representatives, taking into account the necessity to ensure a balanced geographical representation (structured dialogue with defence industry). Where the

*Amendment*

10. The Defence Industrial Readiness Board shall invite, at least once a year, ***and additionally in order to conduct consultations on a draft working programme***, representatives from National Defence Industrial Associations and selected industrial representatives, taking into account the necessity to ensure a

supply crisis state referred to in Article 44 or the security supply crisis state referred to in Article 48 has been activated, the Defence Industrial Readiness Board shall invite high-level industrial representatives to meet in special configuration in order to discuss issues linked to crisis-relevant products.

balanced geographical representation (structured dialogue with defence industry). Where the supply crisis state referred to in Article 44 or the security supply crisis state referred to in Article 48 has been activated, the Defence Industrial Readiness Board shall invite high-level industrial representatives to meet in special configuration in order to discuss issues linked to crisis-relevant products.

**Amendment 185**  
**Proposal for a regulation**  
**Article 57 – paragraph 15 a (new)**

*Text proposed by the Commission*

*Amendment*

***15a. The Commission shall set up a working group, within the framework of the Defence Industrial Readiness Board, on cross-certification and mutual recognition of certifications of defence products. The objectives of that working group shall be to:***

***(a) assess the current barriers to mutual recognition of certifications within the EU, identifying both legal and procedural obstacles at the international, EU, and national levels, as outlined in Article 39;***

***(b) propose recommendations and/or mitigation measures for overcoming these barriers, with a focus on facilitating cross-certification processes to enhance the efficiency and competitiveness of the defence sector.***

## **ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur for the opinion received input from the following entities or persons in the preparation of the opinion, prior to the adoption thereof in committee:

<b>Entity and/or person</b>
Ministry of State Assets of the Republic of Poland
Ministry of Development of the Republic of Poland
Ministry of Defence of the Republic of Poland
Permanent Representation of the Republic of Poland to the European Union
European Commission, DG DEFIS
European Economic and Social Committee
European Court of Auditors
Industrial Development Agency JSC of the Republic of Poland
American Chamber of Commerce in Belgium
Intel Corporation
PGZ – Polska Grupa Zbrojeniowa S.A.
Airbus
ASD – AeroSpace and Defense Industries Association of Europe
MBDA
Groupement des Industries Françaises Aéronautiques et Spatiales

The list above is drawn up under the exclusive responsibility of the rapporteur for opinion.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur for opinion declares that she has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')		
<b>References</b>	COM(2024)0150 – C10-0005/2024 – 2024/0061(COD)		
<b>Committee(s) responsible</b>	SEDE	ITRE	
<b>Opinion by</b> Date announced in plenary	IMCO 13.11.2024		
<b>Rapporteur for the opinion</b> Date appointed	Kamila Gasiuk-Pihowicz 2.12.2024		
<b>Rule 59 – Joint committee procedure</b> Date announced in plenary	13.11.2024		
<b>Discussed in committee</b>	12.12.2024	18.2.2025	17.3.2025
<b>Date adopted</b>	8.4.2025		
<b>Result of final vote</b>	+: –: 0:	35 9 6	
<b>Members present for the final vote</b>	Peter Agius, Pablo Arias Echeverría, Jeannette Baljeu, Laura Ballarín Cereza, Biljana Borzan, Anna Cavazzini, David Cormand, Henrik Dahl, Adnan Dibrani, Elisabeth Dieringer, Christian Doleschal, Klara Dostalova, Michał Dworczyk, Kamila Gasiuk-Pihowicz, Hanna Gedin, Sandro Gozi, Maria Grapini, Elisabeth Grossmann, Maria Guzenina, Svenja Hahn, Anna-Maja Henriksson, Pierre Jovet, Arba Kokalari, Kateřina Konečná, Katrin Langensiepen, Pierfrancesco Maran, Nikola Minchev, Piotr Müller, Cynthia Ní Mhurchú, Gheorghe Piperea, Reinis Požņaks, Christel Schaldemose, Andreas Schwab, Tomislav Sokol, Filip Turek, Inese Vaidere, Adina Vălean, Marion Walsmann		
<b>Substitutes present for the final vote</b>	Saskia Bricmont, Tomasz Buczek, Sebastião Bugalho, Delara Burkhardt, Dirk Gotink, Mary Khan, Rada Laykova		
<b>Members under Rule 216(7) present for the final vote</b>	Angéline Furet, Fernand Kartheiser, Matjaž Nemeč, Lídia Pereira, Diego Solier		

**FINAL VOTE BY ROLL CALL  
BY THE COMMITTEE ASKED FOR OPINION**

<b>35</b>	<b>+</b>
PPE	Peter Agius, Pablo Arias Echeverría, Sebastião Bugalho, Henrik Dahl, Christian Doleschal, Kamila Gasiuk-Pihowicz, Dirk Gotink, Arba Kokalari, Lídia Pereira, Andreas Schwab, Tomislav Sokol, Inese Vaidere, Adina Vălean, Marion Walsmann
Renew	Jeannette Baljeu, Sandro Gozi, Svenja Hahn, Anna-Maja Henriksson, Nikola Minchev, Cynthia Ní Mhurchú
S&D	Laura Ballarín Cereza, Biljana Borzan, Delara Burkhardt, Adnan Dibrani, Maria Grapini, Elisabeth Grossmann, Maria Guzenina, Pierre Jouvét, Pierfrancesco Maran, Matjaž Nemeč, Christel Schaldemose
Verts/ALE	Saskia Bricmont, Anna Cavazzini, David Cormand, Katrin Langensiepen

<b>9</b>	<b>-</b>
ECR	Gheorghe Piperea
ESN	Mary Khan, Rada Laykova
NI	Kateřina Konečná
PfE	Tomasz Buczek, Elisabeth Dieringer, Klara Dostalova, Angéline Furet, Filip Turek

<b>6</b>	<b>0</b>
ECR	Michał Dworczyk, Fernand Kartheiser, Piotr Müller, Reinis Pozņaks, Diego Solier
The Left	Hanna Gedin

Key to symbols:

+ : in favour

- : against

0 : abstention

## PROCEDURE – COMMITTEE RESPONSIBLE

<b>Title</b>	European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')			
<b>References</b>	COM(2024)0150 – C10-0005/2024 – 2024/0061(COD)			
<b>Date submitted to Parliament</b>	6.3.2024			
<b>Committee(s) responsible</b>	SEDE	ITRE		
<b>Committees asked for opinions</b> Date announced in plenary	AFET 12.3.2025	BUDG 13.11.2024	CONT 13.11.2024	IMCO 13.11.2024
<b>Rapporteurs</b> Date appointed	Raphaël Glucksmann 14.3.2025	François-Xavier Bellamy 14.3.2025		
<b>Rule 59 – Joint committee procedure</b> Date announced in plenary	13.11.2024			
<b>Date adopted</b>	24.4.2025			
<b>Budgetary assessment</b> Date of budgetary assessment	BUDG 10.4.2025			
<b>Result of final vote</b>	+: –: 0:	70 46 8		
<b>Members present for the final vote</b>	Petras Auštrevičius, Wouter Beke, Tom Berendsen, Michael Bloss, Barbara Bonte, Paolo Borchia, Marc Botenga, Markus Buchheit, Borys Budka, João Cotrim De Figueiredo, Tobias Cremer, Raúl de la Hoz Quintano, Pilar del Castillo Vera, Elio Di Rupo, Elena Donazzan, Michał Dworczyk, Matthias Ecke, Sofie Eriksson, Jan Farský, Niels Fuglsang, Raphaël Glucksmann, Christophe Gomart, Bruno Gonçalves, Nicolás González Casares, Giorgio Gori, Niels Flemming Hansen, Eero Heinäluoma, Niclas Herbst, Ivars Ijabs, Fernand Kartheiser, Seán Kelly, Rudi Kennes, Ondřej Krutílek, Nathalie Loiseau, Isabella Lövin, Sara Matthieu, Ana Catarina Mendes, Sven Mikser, Hans Neuhoﬀ, Hannah Neumann, Andrey Novakov, Kostas Papadakis, Nicolás Pascual de la Parte, Thomas Pellerin-Carlin, Tsvetelina Penkova, Pascale Piera, Jaroslava Pokorná Jermanová, Reinis Požņaks, Jüri Ratas, Aura Salla, Elena Sancho Murillo, Jussi Saramo, Marjan Šarec, Paulius Saudargas, Nicolae Ștefănuță, Sebastiaan Stöteler, Marie-Agnes Strack-Zimmermann, Marcin Sypniewski, Michał Szczerba, Beata Szydło, Dario Tamburrano, Alice Teodorescu Măwe, Pierre-Romain Thionnet, Pekka Toveri, Yvan Verougstraete, Mariateresa Vivaldini, Michael von der Schulenburg, Alexandr Vondra, Andrea Wechsler, Elena Yoncheva, Auke Zijlstra, Nicola Zingaretti			
<b>Substitutes present for the final vote</b>	Lucia Annunziata, Christophe Bay, François-Xavier Bellamy, Adam Bielan, Damian Boeselager, José Cepeda, Andi Cristea, Siegbert Frank Droese, Engin Eroglu, Michael Gahler, Kamila Gasiuk-Pihowicz, Thomas Geisel, Andreas Glück, Michalis Hadjipantela, Martin Hojsík, Radan Kanev, Katri Kulmuni, Sergey Lagodinsky, Eszter Lakos, András László, Yannis Maniatis, Marion Maréchal, Marina Mesure,			

	Angelika Niebler, Ville Niinistö, Thijs Reuten, Virginijus Sinkevičius, Diego Solier, Hélder Sousa Silva, Matej Tonin, Francesco Torselli, Marie Toussaint, Hilde Vautmans, Marta Wcisło
<b>Members under Rule 216(7) present for the final vote</b>	Magdalena Adamowicz, Marie-Luce Brasier-Clain, Krzysztof Brejza, Jaroslav Bžoch, Vivien Costanzo, Ton Diepeveen, Anne-Sophie Frigout, Kinga Gál, Chiara Gemma, Svenja Hahn, Andrzej Halicki, Ilia Lazarov, Jan-Christoph Oetjen, Michele Picaro, Bogdan Rzońca, Vlad Vasile-Voiculescu, Axel Voss, Bogdan Andrzej Zdrojewski
<b>Date tabled</b>	30.4.2025

## FINAL VOTE BY ROLL CALL BY THE COMMITTEE RESPONSIBLE

70	+
ECR	Reinis Požņaks
PPE	Wouter Beke, François-Xavier Bellamy, Tom Berendsen, Jan Farský, Michael Gahler, Christophe Gomart, Michalis Hadjipantela, Niels Flemming Hansen, Niclas Herbst, Radan Kanev, Seán Kelly, Eszter Lakos, Ilija Lazarov, Angelika Niebler, Andrey Novakov, Aura Salla, Paulius Saudargas, Hélder Sousa Silva, Matej Tonin, Axel Voss, Andrea Wechsler
Renew	Petras Auštrevičius, João Cotrim De Figueiredo, Engin Eroglu, Andreas Glück, Svenja Hahn, Martin Hojsfk, Ivars Ijabs, Katri Kulmuni, Nathalie Loiseau, Jan-Christoph Oetjen, Marjan Šarec, Marie-Agnes Strack-Zimmermann, Vlad Vasile-Voiculescu, Hilde Vautmans, Yvan Verougstraete
S&D	Lucia Annunziata, José Cepeda, Vivien Costanzo, Tobias Cremer, Andi Cristea, Elio Di Rupo, Matthias Ecke, Sofie Eriksson, Niels Fuglsang, Raphaël Glucksmann, Bruno Gonçalves, Nicolás González Casares, Giorgio Gori, Eero Heinäluoma, Yannis Maniatis, Ana Catarina Mendes, Sven Mikser, Thomas Pellerin-Carlin, Tsvetelina Penkova, Thijs Reuten, Elena Sancho Murillo, Nicola Zingaretti
The Left	Jussi Saramo
Verts/ALE	Michael Bloss, Damian Boeselager, Sergey Lagodinsky, Isabella Lövin, Sara Matthieu, Hannah Neumann, Ville Niinistö, Virginijus Sinkevičius, Nicolae Ștefănuță, Marie Toussaint

46	-
ECR	Adam Bielan, Elena Donazzan, Michał Dworczyk, Chiara Gemma, Fernand Kartheiser, Marion Maréchal, Michele Picaro, Bogdan Rzońca, Diego Solier, Beata Szydło, Francesco Torselli, Mariateresa Vivaldini
ESN	Markus Buchheit, Siegbert Frank Droese, Hans Neuhoff, Marcin Sypniewski
NI	Thomas Geisel, Kostas Papadakis, Michael von der Schulenburg, Elena Yoncheva
PPE	Magdalena Adamowicz, Krzysztof Brejza, Borys Budka, Kamila Gasiuk-Pihowicz, Andrzej Halicki, Jüri Ratas, Michał Szczerba, Alice Teodorescu Măwe, Pekka Toveri, Marta Wcisło, Bogdan Andrzej Zdrojewski
PfE	Christophe Bay, Barbara Bonte, Paolo Borchia, Marie-Luce Brasier-Clain, Ton Diepeveen, Anne-Sophie Frigout, Kinga Gál, András László, Pascale Piera, Sebastiaan Stöteler, Pierre-Romain Thionnet, Auke Zijlstra
The Left	Marc Botenga, Rudi Kennes, Dario Tamburrano

8	0
ECR	Ondřej Krutílek, Alexandr Vondra
PPE	Pilar del Castillo Vera, Raúl de la Hoz Quintano, Nicolás Pascual de la Parte
PfE	Jaroslav Bžoch, Jaroslava Pokorná Jermanová
The Left	Marina Mesure

Key to symbols:

+ : in favour

- : against

0 : abstention