Council of the European Union

Brussels, 19 June 2025
(OR. en)

10604/25

Interinstitutional Files:
2025/0172 (COD)
2025/0176 (COD)
2025/0177 (COD)

SIMPL 60
ANTICI 68
INDEF 64
MAP 24
CSC 317
ENV 574
COMPET 589
ENT 108
MI 439
CHIMIE 57
CODEC 869

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	18 June 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 820 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Defence Readiness Omnibus

Delegations will find attached document COM(2025) 820 final.

Encl.: COM(2025) 820 final

EUROPEAN
COMMISSION

Strasbourg, 17.6.2025
COM(2025) 820 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Defence Readiness Omnibus

Defence Readiness Omnibus

Europe faces an acute and growing threat. The only way we can ensure European peace is to have the readiness to deter those who would do us harm. High intensity armed conflict has returned to Europe and the international order established after the Second World War and the Cold war has been put into question. As noted in the Joint White Paper for European Defence Readiness 2030 ([1]) ("White Paper") "*a new international order will be formed in the second half of this decade and beyond. Unless we shape this order – in both our region and beyond – we will be passive recipients of the outcome of this period of interstate competition with all the negative consequences that could flow from this, including the real prospect of full-scale war*."

In today's rapidly evolving world, our security landscape has changed. The threats we face are larger, more global, ranging from powerful organised crime networks and terrorism to hybrid threats fuelled with disinformation, fear and sabotage to our critical infrastructure, often by hostile foreign state actors. They are directly threatening our way of life and our ability to choose our own future through democratic processes. While the Union is not at war, the highly intensive conflict at its borders and Russia's aggressive posture mean that Europe faces a situation which is not peaceful, and our security and purpose to build a future free from coercion and aggression cannot be taken for granted. We have seen how Russia has weaponised gas exports, leading to supply uncertainties and sharp price spikes, and how it has deliberately targeted energy infrastructure in Ukraine. Our security relies both on civilian and military preparedness. ([2])

According to threat assessments by several EU intelligence services, Russia's capacity to produce military equipment has increased tremendously and it would have the military capabilities to test the unity of Western countries and the effectiveness of Article 5 of the North Atlantic Treaty and of Article 222 of the Treaty on the Functioning of the European Union within the next three to five years. This mandates a shift to a defence-readiness mindset and the immediate ramp up of efforts to re-establish defence readiness and deterrence by 2030. In this context, defence readiness should be understood as the ability of Member States and Union defence industry to anticipate, prevent and respond to defence-related crises. Defence readiness relies on the availability of defence industrial capacity necessary to acquire and maintain the resources, capabilities and infrastructure required to respond effectively and in an agile way to crises and Member States' related actions and to deter potential threats through credible preparedness.

Rebuilding European defence requires, as a starting point, massive investments over a sustained period in a spirit of solidarity and cooperation among the Union and the Member States, and as part of strategic alliances within NATO and with like-minded third countries. Accelerating work on all strands to urgently ramp up European defence readiness is essential to ensure that Europe has a strong and sufficient European defence posture by 2030 at the latest.

To build a truly independent Europe, it is imperative to develop a new form of ***Pax Europaea*** for the 21st century – one that is shaped and managed by Europe itself. That is why, in an unprecedented action, the Union is enabling Member States to raise up to EUR

([1]) Joint White Paper for European Defence Readiness 2030: JOIN/2025/120 final, 19.03.2025.

([2]) The Preparedness Union Strategy aims to increase the EU's resilience by equipping it with the capabilities required to anticipate and manage all threats and hazards. European Preparedness Union Strategy: JOIN/2025/130 final, 26.03.2025.

800 billion for their additional defence spending to defend peace over the next four years under the ReArm Europe Plan/Readiness 2030. More than half of the Member States have requested the activation of the national escape clause in the framework of the Stability and Growth Pact, taking advantage of the flexibility to significantly increase their defence spending. Further to the European Council call on the European Commission to accelerate the work on all strands to decisively ramp up Europe's defence readiness within the next five years ([3]), this Defence Readiness Omnibus will support Member States' efforts to strengthen the defence industrial base and the EU's overall defence readiness and agility by 2030, by creating the necessary conditions to frontload investments in defence capabilities, providing necessary predictability to industry and reducing red tape.

The magnitude of the required effort should take in account the substantial and chronic under-investments in defence over the last decades and the cumulated defence investment gap of Member States. The example of heavy artillery ammunition illustrates well the issues resulting from decades of underinvestment. Consequently, Member States would face critical shortages in case of a high-intensity conflict. Moreover, already limited stocks have been further depleted with the military support provided to Ukraine. Due to low demand, the production capacities of the European Defence Technological and Industrial Base have been significantly reduced over the past decades, which tremendously limits Member States' capacity to replenish quickly stocks quickly and re-establish a credible and reliable defence posture.

A truly functioning EU-wide market for defence equipment, putting innovation and competitiveness at the heart of Europe's renewal, is the most effective way for Member States to re-stock their arsenals and build up their readiness in case of conflict. This is because it offers three key benefits. Firstly, it allows Member States to unlock economies of scale, enabling them to take advantage of a wide and more stable defence market. Secondly, by facilitating access to all EU suppliers, it reduces their dependence on third-country suppliers, which is a significant advantage in today's geopolitical landscape and ensures the long-term viability of the Union's strategic independence. Thirdly, it supports the competitiveness of the European Defence Technological and Industrial Base by ensuring that defence spending contributes to the growth and development of the entire industry across Europe.

The current regulatory environment of the Union, adopted in peacetime, is not fully adapted to the objective of developing the necessary capabilities and military readiness to credibly deter armed aggression and facilitate the effective and fast deployment of the necessary large investments mentioned above. Several non-defence specific EU legislations are not conducive to facilitating the European Defence Technological and Industrial Base's long-term investments in defence capabilities necessary to deter threats and ensure the security of the Union and its citizens. The European Defence Technological and Industrial Base is a highly specific sector, the primary objective of which is not purely economic. It is focused on the needs of Member States' Armed Forces, delivering the required level of technical performance, in a timely manner, in the requisite volume and at a competitive cost. The Union's regulatory framework should be fit for the defence readiness objective, enabling Member States to invest, build, conduct research and deliver high-quality products and services, authorise projects and procure at an accelerated and agile pace, while keeping up with the high research, environmental and social standards that make the European Union a world leader in these domains. Substantial simplification in processes and removal of regulatory and administrative burdens across sectors are

([3]) European Council, Conclusions, 20 March 2025.

necessary to accelerate the ramp up of European defence industrial production to rapidly reach the levels of production capacity required to prepare for and thereby deter a high-intensity conflict.

Furthermore, this massive effort is an opportunity to modernise Member States' Armed Forces and ramp up the European Defence Technological and Industrial Base's investments. The accelerated pace of the evolution of military technology and the risk of rapid obsolescence needs to be considered, as demonstrated by the ongoing high-intensity Russian aggression in Ukraine and the penetration of disruptive technologies in defence supply chains. To future-proof defence investments and to unlock the European Defence Technological and Industrial Base's innovative potential, it is important to boost innovation cycles, notably by further simplifying and accelerating procedures for collaborative research and development under the European Defence Fund ([4]). Furthermore, support to start-ups and scaleups is critical to promote innovation and competitiveness in the EU, notably by opening the European Innovation Council (EIC) Accelerator, STEP and Scaleup Europe Fund to dual-use and defence technologies.

In strengthening European Defence Technological and Industrial Base, the dual-use nature of key technologies and materials must be better reflected. Digital, advanced electronics, connectivity or chemicals – all are critical elements in the Union's competitiveness agenda as well as for its defence resilience. The Preparedness Union Strategy emphasises that the EU must integrate dual-use considerations into all its infrastructure investments and capability planning, such as military mobility, mass evacuations, secure communications and connectivity, maritime security, cyber capabilities, and space assets and services. To encourage such synergies between civil and defence innovation and secure the development of critical value and supply chains, the simplification measures adopted through this initiative will apply to dual use technologies and materials, where relevant.

In this Communication, the Commission based on experience and inputs from wide public consultations, puts forward ambitious simplification proposals in defence-specific legislation and programmes, as well as in non-defence-specific laws to remove regulatory barriers and facilitate EU defence readiness and industrial buildup. This Communication also puts forward clearer interpretations of available derogations in EU legislations, that Member States may not have made full use of.

1. EU defence legislation and defence industrial programmes

Defence procurement

The Defence and Sensitive Security Procurement Directive ([5]) aims at ensuring the conditions for the functioning of an EU-wide market for defence products. However, stakeholders often view procedures under the Directive as overly complex and burdensome, requiring disproportionate resources from Member States. It is therefore necessary to simplify the provisions of the Directive, while ensuring the achievement of

([4]) Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092: OJ L 170, 12.5.2021, p. 149-177.

([5]) Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC, OJ L 216, 20.8.2009, p. 76–136.

its goals, notably by enabling more streamlined and efficient processes for defence procurement. This will allow Member States to focus on the most critical contracts, allocate resources more effectively, as well as ease the administrative burden on industry.

While a fully-fledged revision of the Directive is scheduled for 2026, procurement rules should be simplified already to address the urgency and priority for Europe to rebuild its defence, to give more flexibility to common procurements by several Member States and boost procurement of innovative solutions necessary to achieve defence readiness by 2030. The availability of procurement contracts and the long-term predictability of demand are the most important factors for industry to ramp up its production capacities and reach defence readiness objectives. To this effect, the Commission proposes to increase the thresholds of applicability of the Directive to EUR 900 000 for supply and service contracts. This will exempt a substantial number of smaller contracts from the scope of the Directive, which have an insignificant impact on the internal market, while leading to economic efficiencies for Member States and for applicants, due to reduced administrative and economic burden.

Low and fragmented Member States' defence spending on innovation negatively impacts emerging disruptive technologies that are vital for future defence capabilities. Facilitating procurement of innovative solutions will contribute to the transformation of defence through disruptive innovation, as new technologies are fundamentally changing the nature of warfare in several domains (e.g. Artificial Intelligence, cloud and quantum computing, advanced and secure connectivity, autonomous systems). The new possibility for direct procurement of innovative products and services that result from parallel and competitive research projects contracted by Member States is suited for the most pioneering research and development projects where the definition of the expected results is not possible at the start of the research and development procurement. Combined with swifter conditions for innovative procurement and collaborative projects, including through the introduction of the simplified innovation partnership procedure and clarifications on the procurement of results of projects funded under the EDF, it will support seamless transition from research to procurement, enabling Member States to quickly capitalise on innovative solutions developed through these projects.

The challenging pace at which Member States currently need to replenish their arsenals requires also the recourse to already available defence products. To allow Member States to swiftly procure identical readily available equipment, the negotiated procedure without prior publication of a contract notice should be temporarily extended to common procurement and maintenance. This would allow Member States to pool resources together and benefit from economies of scale for quick acquisition of equipment and capabilities. It complements existing flexibility embedded in the Directive for urgency resulting from crisis, which encompasses harmful events expected in the future ([6]), including high intensity conflicts on EU borders and credible threats for the security of the Union and its Member States.

Additional flexibility in framework agreements with extended duration up to 10 years and opening to other Member States, as proposed in the European Defence Industry

([6]) The definition of 'crisis' in Article 1(10) of Directive 2009/81/EC includes scenarios in which "a harmful event is deemed to be impending".

Programme (EDIP) Regulation ([7]), will help Member States to deliver on their capability targets more quickly, at reduced cost and with enhanced interoperability. The Commission calls on Member States to urgently review their national procurement rules to remove additional burdens on participants in public procurement procedures (‘*goldplating’*). Removing statistical reporting obligations for Member States will cut red tape, while the application of the Energy Efficiency Directive ([8]) to the defence sector will be clarified in the evaluation of the Directive in 2026.

Intra-EU transfers of defence products

Swift transfers of defence-related products within the Union are essential to mobilise the full industrial and technological capacities across the Union and achieve synergies, economies of scale, innovation and ensure security of supply. Stakeholders in the public consultation pointed to the lack of harmonisation of control systems of Member States, insufficient use of General Transfer Licences (which are the key simplification tool ([9]) foreseen in the Directive) and called to remove complexities and delays linked to intra-EU transfers' control. They also pointed to bottlenecks due to lack of timely authorisations of transfers in the implementation of EDF projects and to heavy burden of managing multiple national End User Certificates or other forms of banning intra-EU transfers limitations .

In respect of the competencies defined in the Treaties, the Commission will closely work with Member States to simplify transfers of defence products to Armed Forces of Member States, transfers in supply chains and transfers within EU-funded projects, as well as the management of End User Certificates. The proposed changes will significantly reduce delays in project implementation and cut red tape for participants to EDF projects. Member States are enabled to exempt further categories of transfers from the obligation of prior authorisation and are encouraged to widen the use of General Transfer Licences, extend and harmonise their scope. Extending the benefit of General Transfer Licences to transfers by certified companies will incentivise companies' certification and robust compliance programmes in control of intra-EU transfers, while significantly lowering their administrative burden. To facilitate cross-border transactions in supply chains and accelerate the production ramp up, in line with the Directive on intra-EU transfers of defence-related products ([10]), the Commission calls on Member States to refrain from intra-EU transfers limitations for components that will be integrated in a final product in another Member State and cannot be re-exported separately, at least by implementing the *de minimis* principle already used by some Member States. Finally, the Commission proposes to simplify reporting obligations for intangible technology transfers.

([7]) Proposal for 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'), 5.3.2024 , COM(2024) 150 final

([8]) Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast), OJ L 231, 20.9.2023, p. 1–111.

([9]) General Transfer Licences enable to replace *ex ante* control (control prior to the transfer) by *ex post* control (control after the transfer took place). This change typically enables a transfer to be performed within one to three days. In contrast, the average time for controlling authorities to process a simple individual transfer licence *ex ante* can be roughly estimated to be approximately 6-7 weeks, with authorisation processes often taking significantly longer times.

([10]) Article 4(8) of Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community, OJ L 146, 10.6.2009, p. 1–36,

European Defence Fund (EDF)

The European Defence Fund is the only EU instrument supporting collaborative defence Research and Development. The Commission interim evaluation of the Fund and extensive consultations with stakeholders confirmed its overall effectiveness and relevance, while highlighting the need to further simplify procedures and reduce administrative burdens. The Commission therefore proposes further flexibility in the EDF implementation.

The Commission proposes to clarify and simplify the award criteria for the evaluation of proposals and introduces the possibility of selecting only the most relevant award criteria based on the objectives of the calls for proposals, thus making the evaluation process faster, more agile and less burdensome. The possibility to implement the EDF through annual or multi-annual work programmes, together with the clarification of rules on direct awards, as well as broader possibilities for indirect management will provide more flexibility and predictability in planning and implementation of EDF projects with agile management process and reduced administrative burdens. Further to the proposal for a fourth area of investment for defence technologies under the Strategic Technologies for Europe Platform (STEP) ([11]), the Commission proposes simplifications in pre-commercial procurement and access rights of co-financing Member States to the results of development projects, with the aim to get the resulting EDF projects up and running as quickly as possible, thus boosting innovation and disruptive technologies for defence.

Finally, the Commission will put in place additional measures to speed up the evaluation of proposals and reduce the time to sign grant agreements and issue payments, such as higher level of subcontracting (above 30%), extended validity of ownership control assessments for beneficiaries from 18 to at least 36 months and introduction of a standard non re-transfer clause. To respond to stakeholders calls for a simple and secure system to exchange confidential and sensitive information, the SUE (*Secret de l'Union Européenne*) system is progressively rolled out among the Commission, Member States and industry with the aim to equip all Member States early 2026, once the necessary accreditation and acceptance processes by Member States are completed, while the establishment of a Classified Cloud for the exchange of information accredited up to RESTREINT UE/EU RESTRICTED level in the implementation of defence classified projects is being explored. The simplifications introduced by this Omnibus may be applied retroactively to EDF projects already in place.

In line with the White Paper, which calls for increasing Ukraine's participation in EDF actions and enhanced EU-Ukraine cooperation, costs for testing activities carried out in Ukraine should become eligible for funding under the EDF. This would allow the European Defence Technological and Industrial Base to use Ukraine's active war situation in terms of testing (rapid testing capabilities, 24-hour testing and testing on the battlefield), allowing fast feedback of current modern warfare to be integrated into the development of defence technologies and products.

([11]) Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP), and amending Directive 2003/87/EC and Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241 : PE/11/2024/REV/1 : OJ L, 2024/795, 29.2.2024.

2. EU non-defence legislation and programmes

Eliminating bottlenecks and making full use of pathways to enhance defence readiness

Permitting processes for defence industrial investments and defence readiness activities are often too lengthy and burdensome. To expedite them, it is essential to ensure that the processes for environmental impact assessments and compliance with environmental laws (e.g. on urban/land planning, environmental impact assessments, noise, habitat and birds protection, water and waste management) are conducive to attaining defence readiness at the current juncture. These processes - adopted in peace time - must now cater for expedited authorisation or permitting procedures tailored to the urgent defence readiness needs, so as to facilitate the massive and quick ramp up of defence industrial investments and defence readiness activities that need strengthened agility and are essential to address emerging security needs.

While authorisations are the responsibility of Member States, Union law sets out some rules related to authorisations, including but not limited to environment assessments. It is crucial to streamline, simplify and accelerate the entire permitting processes for defence industrial investments and defence readiness activities, while ensuring the standards of the environmental and human protection in a timelier way across the Union. This can be achieved by establishing fast-track and priority-rated national permitting processes with a single point of contact for industry, intended to reduce administrative burdens and expedite the permitting process for defence readiness activities. Upon request by Member States, the Commission stands ready to provide advice and capacity building in establishing the fast-track permitting regime.

Ensuring high standards of protection of environment and human health through the application of Union environmental legislation, while securing the objective of defence readiness by 2030 is fundamental. While most Union environmental legislation includes derogations for public objectives, divergent interpretations and implementations across Member States lead to complexity and uncertainties in the applicable rules concerning defence investments. The Commission hereby clarifies that Member States can use existing derogations in various Union legislations ([12]) provided for "*overriding public interest*", "*public safety*" or "*crisis*" to include defence readiness in their scope, encompassing industrial and governmental defence investments and defence readiness activities. When compensatory or mitigation measures are applied, those measures should ensure the objectives of the legislation and be proportionate regarding defence readiness considerations, so that the defence readiness 2030 objective can be timely achieved. The

([12]) For example, those in the Habitats Directive (Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora : OJ L 206, 22.7.1992, p. 7–50), Water Framework Directive (Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy : OJ L 327, 22.12.2000, p. 1–73), Birds Directive (Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (Codified version) : OJ L 20, 26.1.2010, p. 7–25) and Waste Shipment Regulation (Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste, amending Regulations (EU) 1257/2013 and (EU) 2020/1056 and repealing Regulation (EC) No 1013/2006: PE/84/2023/REV/1: OJ L, 2024/1157, 30.4.2024).

Directive on Environmental Impact Assessment ([13]) includes an exemption for projects essential for purposes of defence, which can also be used for defence readiness projects and activities. Moreover, the Waste Electrical and Electronic Equipment ([14]) and the Restriction of Hazardous Substances ([15]) directives contain an exemption for military purposes that encompasses the objective of defence readiness.

The Union's chemicals *aquis* has been instrumental in maintaining high levels of protection for human health and environment, facilitating free movement of substances in the internal market, while also considering socio-economic benefits. Maintaining high levels of occupational safety and good working conditions is also crucial for making the defence sector's attractiveness as an employment option, while ensuring that defence readiness objectives can be effectively reached.

Currently, Union's chemical *aquis* does not explicitly foresee early assessment of the impact on the defence industry in the processes of banning or restricting chemical substances Regarding the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) ([16]). The Commission notes that the possibility for an exemption in the interest of defence is already provided under REACH Regulation but that in certain Member States this exemption in the interest of defence has been applied in a restrictive manner. Moreover, this exception is application and on *ad hoc* basis, which does not align with the defence readiness 2030 objective and the requirements to urgently ramp up defence production by 2030. The Commission therefore proposes to broaden the conditions for the use of the national exemption under the REACH Regulation and encourages Member States to use its full potential for defence needs, including defence readiness activities. The Commission's forthcoming simplification of REACH aims to explicitly incorporate the defence readiness objective, ensuring that defence concerns, including indirect impacts on defence supply chains, are comprehensively assessed. This would enable that the defence readiness objective, including indirect impacts on defence supply chains, can be assessed early and fully. To ensure consistency across the Union's chemicals *acquis*, a similar exemption is proposed in the Regulations on Classification, Labelling and Packaging ([17])) and Biocidal Products ([18]). Concerning the Regulation on

([13]) Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification): OJ L 26, 28.1.2012, p. 1–21.

([14]) Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (WEEE): OJ L 37, 13.2.2003, p. 24–39.

([15]) Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment: OJ L 37, 13.2.2003, p. 19–23.

([16]) Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC: OJ L 396, 30.12.2006.

([17]) Regulation (EC) 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006: OJ L 353, 31.12.2008, p. 1–1355.

([18]) Regulation (EU) 528/2012 of the European Parliament and of the Council of 22 May 2012 concerning the making available on the market and use of biocidal products: OJ L 167, 27.6.2012, p. 1–123.

Persistent Organic Polluants ([19]), that implements the Stockholm Convention, the Commission proposes that defence readiness needs, should be addressed in the EU's preparatory stages before prohibitions or restrictions are established at the international level in the Convention, as it is at that stage that potential exemptions may be considered. In addition, Member States may use exemptions from reporting requirements to protect sensitive information based on national or Union security interests.

As part of strengthening the Union's defence industrial production capacity to be able to acquire the critical capabilities they currently lack, defence industry and Armed Forces need to import defence equipment, components and raw materials in a fast, agile and cost-effective way from outside the Union. To this end, the Commission encourages Member States to make full use of the possibility to suspend import duties on certain weapons and military equipment imported by or on behalf of military defence authorities from third countries ([20]). In addition, while continuing to promote and boost domestic capacity to the extent possible, notably on raw materials, the waiver of duties applicable to some industrial, raw materials, semi-finished goods or components imported from non-EU countries [21] under the Autonomous Tariff Suspensions and Quotas Scheme, could be also used to improve the competitiveness of the defence sector, thus strengthening the Union's defence readiness.

The potential of some technologies for defence superiority, such as Artificial intelligence, is an important lever that needs to be urgently strengthened at European level. The European Union's Artificial Intelligence Act ([22]) promotes the development of Artificial Intelligence systems following a risk-based approach, introducing rules commensurate to risks. It does not regulate pre-market research in all domains, including defence, as well as development and use of Artificial Intelligence exclusively for military, defence or national security purposes. The Commission recalls that Member States can set up regulatory sandboxes, which can support the flexible and swift development of high-risk Artificial Intelligence systems relevant for military and defence purpose, to enable legally safe development and testing.

Facilitating public and private investments in the defence sector

Without prejudice to Article 346 of the Treaty on the Functioning of the European Union (TFEU), competition rules apply to defence and contribute to a better functioning of the internal market. At the same time, these should not be an impediment to urgent ramping up of the sector, its contribution to the "defence readiness 2030" objective and Member States' ability to effectively respond to the challenges of the deteriorating geopolitical environment. The Commission shall take duly into consideration the specificities of the

([19]) Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (recast): PE/61/2019/REV/1 :OJ L 169, 25.6.2019, p. 45–77.

([20]) Council Regulation (EU) 2021/2278 of 20 December 2021 suspending the Common Customs Tariff duties referred to in Article 56(2), point (c), of Regulation (EU) No 952/2013 on certain agricultural and industrial products, and repealing Regulation (EU) No 1387/2013 : OJ L 466, 29.12.2021, p. 1, amended.

([21]) Communication from the Commission concerning autonomous tariff suspensions and quotas: OJ C 363, 13.12.2011, p. 6.

([22]) Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act): PE/24/2024/REV/1: OJ L, 2024/1689, 12.7.2024.

defence industry and the European Defence Equipment Market and its contribution to the objective of defence readiness in its competition enforcement (mergers, antitrust and State aid control).

The European Union's **merger** control regime aims at maintaining well-functioning markets, including in the defence sector. The defence readiness of the European industry critically depends on competitive markets that can deliver cutting-edge technology and innovation, as well as adequate and agile production capacity, while ensuring that concentrations will not lead to levels of market power that will likely increase costs for Member State budgets. In the ongoing review of merger Guidelines, the Commission will give adequate weight to the changed security and defence environment and is seeking input from stakeholders to address these aspects effectively. The Commission will particularly assess the overall benefits from enhanced defence and security within the Union leading to efficiencies.

As regards **antitrust**, the Commission stands ready to provide the European industry with guidance on cooperation projects of companies in the defence sector, particularly where such collaboration is necessary to scale up production or where individual companies would otherwise be unable to develop or manufacture a product on their own. This may also be the case in joint procurement of raw materials by defence companies. When assessing such agreements, the Commission will also consider the efficiencies generated, including, for example, positive effects of such cooperation in terms of defence readiness, resilience of the defence supply chains and of the internal market.

Substantial public and private investment are essential for industry scale up to reach the EU defence readiness 2030 objective. As part of this endeavour, Member States can use the opportunities offered by the mid-term review of the cohesion funding for supporting defence industrial capacities and military mobility ([23]). They can also use resources from their recovery and resilience plans for equity injections in National Promotional Banks and Institutions (NPBIs), as well as for contributions to EU programmes for satellite communications and to the European Defence Industry Programme (EDIP) – as highlighted in the Communication "NextGenerationEU – The road to 2026" ([24]). To enable contributions to EDIP, it is necessary to very quickly finalise the ongoing legislative trilogues and to insert an enabling provision. These additional opportunities to use EU funds for defence further strengthen the volume of available resources and therefore the rationale for removing unnecessary obstacles or administrative burdens to the effective deployment of defence investments.

In this context, first, state measures to support investments in general infrastructures, such as widening of railway tunnels or reinforcing of road or railway bridges to create mobility corridors, do not constitute State aid, as they are public-remit activities related to the exercise of State prerogatives. The same is valid for the functions of the Member States' armed forces, which generally also fall within public-remit activities. Member States do not need to notify these measures to the Commission.

([23]) Commission Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/694, (EU) 2021/695, (EU) 2021/697, (EU) 2021/1153, (EU) 2023/1525 and 2024/795, as regards incentivising defence-related investments in the EU budget to implement the ReArm Europe Plan: COM/2025/188 final, 22.04.2025.

([24]) Communication from the Commission to the European Parliament and the Council, NextGenerationEU - The road to 2026, 4.6.2025, COM(2025) 310 final.

Second, in the current context, there is a compelling Union as well as national interest in ramping up defence production and an observed failure of market operators to respond sufficiently timely to this need due to a number of objective factors (e.g. fragmented procurement markets, uncertainty of demand over time, access to finance). Therefore, the specific case of **State aid** measures to support investment in production capacity for defence products and services can normally be deemed to support essential security interests without adversely affecting the conditions of competition in the internal market and thus would fall within the scope of Article 346 TFEU. Where Article 346 TFEU applies to State aid measures, Member States do not need to notify such measures to the Commission. Under Article 346 TFEU and the related case-law, the necessity and proportionality of national measures to protect essential security interests is examined case by case for each such measure, having regard to its context and effects. Thus, such a finding regarding State aid measures is without prejudice to the assessment of applicability of Article 346 TFEU to national measures affecting other Union rules, e.g. in the field of defence procurement. Rules to promote a Europe-wide market for defence products enhance economic conditions for investment in defence production, and thus reinforce the security of the Union and its individual Member States. In fields other than State aid, all claims for Article 346 TFEU derogation will therefore continue to be closely scrutinised.

Third, where public support constitutes **State aid** and does not fall under Article 346 TFEU, it may be covered by the compatibility possibilities offered under existing State aid guidelines, frameworks or the General Block Exemption Regulation ([25]). Such aid, either in the form of individual aid or of aid schemes, can also be approved directly under Article 107(3)(c) TFEU. Under this provision, the Commission may consider aid to facilitate the development of certain economic activities, including also essential inputs for the production of defence products and services, to be compatible with State aid rules, provided it does not adversely affect trading conditions to an extent contrary to the common interest. In the overall balancing of the positive effects against negative effects on competition and trade, the Commission will take due account of the measure's contribution to the defence readiness 2030 objective, as well as the specificities of the defence market, where demand comes from Member States, who control acquisition of defence-related products and technologies, including exports. Elements to be taken into account positively in the overall balancing test can, for instance, include the fact that the aid is granted in the context of EU programmes ([26]), the contribution by the investment to the resilience needs of the Union, the need for Member States to protect their essential security interest; the cross-border cooperation supported by the project, where applicable; the positive effects on interoperability and security of supply of defence-related products or inputs thereof across the Union ([27]), reduction of dependencies on third countries or contribution of the project to closing critical defence capability gaps, including but not limited to those identified in the White Paper and SAFE ([28]).

([25]) Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

([26]) Such as the EU defence industry programmes and cohesion funds.

([27]) Eg. when products can serve the needs of multiple users across the Union, takes place as structured efforts to ensure diversified supply.

([28]) Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument, OJ L, 2025/1106, 28.5.2025..

The Commission will prioritise the treatment of cases with the objective of defence readiness, whether notified as individual aid or as aid schemes. In its assessment, it will ensure that, to the extent it constitutes notifiable State aid, such support is necessary, proportionate and does not lead to overcompensation. The Commission will be particularly attentive to issues or requests for clarification raised in the context of Member State preparations to implement SAFE, in accordance with the timeline laid down in that instrument ([29]) but also to assess whether the ramp-up of defence production and/or scale up of the defence industry to reach defence readiness by 2030 results in certain constraints within defence related sectors arising amongst other factors, notably from limited access to financing. If necessary, the Commission will provide appropriate and timely guidance on the assessment of public support for the defence sector ([30]). With a view to understanding whether such guidance is needed and, if so, its possible scope, the Commission will proactively seek inputs, through a continuous and structured dialogue with Member States (including jointly all relevant authorities, e.g. those responsible for State aid, industry and defence) and other stakeholders.

Boosting public investment in defence is indispensable and urgent, but it will not be sufficient. The Savings and Investments Union Communication ([31]), in alignment with the White Paper on Defence Readiness 2030, underlined the importance of mobilising private financing for the defence industry and noted that decisive and urgent action is necessary to significantly increase funding opportunities for companies of the European Defence Technological and Industrial Base. European companies including Small and Medium Enterprises and Mid-Caps ([32]) must have better and more flexible access to capital, including guarantee instruments for de-risking investments, to bring their solutions to industrial scale and to drive the industrial ramp-up that the Union requires.

Under the InvestEU Fund ([33]), financing or investment operations designated as "*strategic investments*", including those in defence, are subject to specific eligibility limitations, which can hinder the ability to effectively utilise the InvestEU Fund to support investments in the European Defence Technological and Industrial Base. The Commission proposes to adapt the eligibility criteria for the defence sector to the specificities of financial instruments (debt, debt guarantees and equity financing) offered under the InvestEU fund, while maintaining necessary safeguards. This will enhance and simplify access to

([29]) Member States willing to receive financial assistance under the SAFE instrument shall express their interest by end July 2025. Shortly after, they will receive by the Commission a notification on the tentative allocations of the loan amounts available to each Member State. By end November 2025, Member States will have to present a request for financial assistance, accompanied by their European defence industrial investment plan. The signature of a loan agreement with the Commission will allow Member States to receive funding.

([30]) Guidance on State aid compatibility can take different forms according to needs, from a vade mecum of relevant precedents or an interpretative notice to self-binding Commission guidelines or frameworks.

([31]) Commission Communication, Savings and Investments Union: A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU: COM/2025/124 final.

([32]) Commission Recommendation (EU) 2025/1099 of 21 May 2025 on the definition of small mid-cap enterprises, C/2025/3500: OJ L, 2025/1099.

([33]) 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: PE/74/2020/REV/1: OJ L 107, 26.3.2021, p. 30–89.

financing and allow better supporting European Defence Technological and Industrial Base's growth and development.

While the Union's Sustainable Finance Framework ([34]) does not prevent financing of the defence sector, both the finance and defence sector may benefit from additional clarification on its application through a Guidance Notice. To provide legal certainty to investors, the Commission clarifies that only weapons prohibited by the international arms conventions to which the majority of Member State is party should be considered in the context of the Paris-Aligned and Climate Transition Benchmark exclusions. In addition, the Commission clarifies that the needs and specificities of the defence industry are fully taken into account in the sustainable reporting obligations, notably by clarifying that the defence industry is more likely than other sectors to use provisions to withhold sensitive information (for example on raw material supply volumes or certain sustainability-related financial information). If warranted, further to the ongoing revisions of the Corporate Sustainability Reporting Directive ([35]), the Commission will make additional adjustments in the upcoming review of the European Sustainability Reporting Standards ([36]) in 2025. Finally, in the review of the Sustainable Finance Disclosure Regulation ([37]), if necessary, the Commission will provide clarifications on the relationship between defence investments and the EU sustainability framework to reach the defence readiness objective.

Developing skills and ensuring employment frameworks adapted to defence readiness

Closing the capability gaps and ramping up defence production relies on the availability of specialised skills and innovative talents in the defence industry, including supply chain players from Small and Medium Enterprises to prime contractors. Although the European defence sector has skilled and specialised employees, a large-scale defence industrial ramp-up will require industry to attract, train, employ, up- and reskill and retain more talents, from technicians to engineers and specialised experts. Increasing the share of STEM graduates is a prerequisite in this regard. The Union of Skills ([38]), including its underpinning STEM Education Strategic Plan, will facilitate up- and re-skilling of the workforce to support the defence industry, including by strengthening the Pact for Skills ([39]) and by reviewing and implementing targeted skills academies and supporting vocational excellence centres. The Commission will support additional vocational excellence centres for the defence industry, as well as workforce mobility and support

([34]) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13.

([35]) COM(2025)81 final

([36]) Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards: C/2023/5303: OJ L, 2023/2772, 22.12.2023.

([37]) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector: PE/87/2019/REV/1: OJ L 317, 9.12.2019, p. 1–16.

([38]) Commission Communication on the Union of Skills: COM/2025/90 final, 5.03.2025.

([39]) Commission Communication on a European Skills Agenda for sustainable competitiveness, social fairness and resilience: COM/2020/274 final, 1.07.2020.

defence-related education, in line with the European Defence Industrial Strategy ([40]), notably through opportunities provided by the European defence industrial programmes and Erasmus+.

Ensuring high standards for health, safety and labour rights of military forces and defence industry workers is crucial to achieve fully the objective of defence readiness of Europe and to attract and retain skilled personnel. Military personnel and industry workers perform vital roles when war is raging at our borders but also to build long-lasting European peace. The Working Time Directive ([41]) is a cornerstone of the Union's employment and social *acquis*, safeguarding workers' health and safety through minimum standards for working hours and rest periods. In the prevailing geopolitical landscape, to make defence agility a reality and to drive the industrial ramp-up by 2030, careful attention must be attributed to the objective of defence readiness when applying the Directive's provisions. When it comes to industrial production and the provision of related services in the defence sector, the Commission clarifies that the derogations foreseen in the Directive ([42]) can be used where there is a surge of activity, including for defence readiness, and invites the Member States to provide legal clarity and ensure legal certainty when it comes to their application. Concerning the Armed Forces, the Court of Justice has confirmed that the Directive may be disapplied in relation to certain specific activities, including active deployment. While preserving existing flexibilities, the Commission will engage with Member States and social partners on the application of the Directive to military personnel in the Armed Forces, including on whether it is opportune to amend the Directive to enhance existing exemptions.

Conclusion

Armed conflict has returned to Europe and geostrategic and hybrid threats are multiplying around us. A new international order will emerge in this decade. If we do not want to simply accept the consequences this will have for Europe and the world, we must shape this new order. It is now the time to boost Europe's defence readiness, weakened by decades of underinvestment in defence capabilities, important capability gaps and unnecessary red tape that Member States need to urgently address.

The massive increase in European defence spending announced by the ReArm Europe Plan/Readiness 2030, accompanied by a dedicated financial instrument to support Member States' defence investments, requires revisiting existing EU legislation to be more flexible and attract greater defence investments. Simpler, faster and more agile. Building on the outcome of wide public consultations, as well as on the strategic and implementation dialogues held with industry and Member States, this Defence Readiness Omnibus proposes a mindset shift for defence readiness and agility in the Union's legislative framework: remove regulatory hurdles, simplify and harmonise rules and procedures that are specific to the defence sector as well as on Union's regulations impacting the defence industry and which are not defence specific. It tackles the defence industry challenges that impede the European Defence Technological and Industrial Base from responding with

([40]) Joint Communication on a new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry: JOIN/2024/10 final, 5.03.2024.

([41]) Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time: OJ L 299, 18.11.2003, p. 9–19.

([42]) Notably Articles 17 and 18 of Directive 2003/88/EC.

maximum agility to the current heightened needs by the Union, particularly considering increased global tensions and the war of aggression in Ukraine.

History does not forgive either dithering or delaying. Our mission is European independence. This European Defence Readiness Omnibus marks an important step towards building an independent Europe that serves the *Pax Europaea*, strengthening Europe's capacity to safeguard peace and security, so that our future can be free from coercion and aggression and the next generations will be able to live the European dream our founders fought so hard for, in peace and prosperity, averting war and the ensuing massive human casualties and environmental damages.