…information report on

EDTIB: A STRONGER AMBITION NEEDED

Launched in spring 2025, **the fact-finding task force on the European Defence Technological and Industrial Base (EDTIB)** held numerous hearings and travelled to Brussels (headquarters of NATO and the European Commission), Berlin, Munich, Tallinn, Warsaw, London and Rome. On completion of their work, **the rapporteurs, Pascal Allizard and Hélène Conway-Mouret**, make various observations on:

- the real state of the EDTIB;
- the context in which it operates;
- the expectations of our main European partners;
- and the possible prospects for the future.

The changing geopolitical environment calls for a fresh look at how the EDTIB is organised and operates, so that the increase in defence spending in Europe can be used not only to rearm the continent, but also to strengthen its strategic autonomy by reducing its dependence on third countries, support growth and reindustrialisation, and improve production processes (value for money, lead times, technological expertise).

At a time when needs are considerable and solvent demand is growing in Europe and around the world, **a new approach is required. Priority should be given to genuine industrial projects that meet the expectations of states and their armed forces and are grounded in prospects for both domestic and export orders, rather than large-scale programmes initiated by governments to pool investments**, as was the case during the period of drastic military budget cuts. This **paradigm shift** could have implications for the continuation of certain programmes that are struggling to succeed in the new economic climate, but it should also **open the way for joint progress towards new frontiers such as artificial intelligence, cyber defence, quantum technologies and space.**

1. THE EDTIB TAKING SHAPE IN A NEW GEOPOLITICAL AND ECONOMIC ENVIRONMENT

A. THE EDTIB: STILL FRAGILE, BUT NOW STRATEGIC

- **What is the EDTIB and does it actually exist?**

One initial definition is to view the EDTIB as the sum of national DTIBs or, more precisely, as all European players (companies, research centres and infrastructure in the broad sense) involved in the design, development, production, maintenance and modernisation of defence equipment.

The concept of the EDTIB implies a degree of integration that exists only in the missile sector (MBDA) and in aeronautics (Airbus), but not in land vehicles or shipbuilding. According to one expert interviewed, this makes it difficult to speak of a genuine EDTIB *"if it is understood as an integrated and coherent whole serving a clearly defined objective"*.

An intermediate approach may nevertheless be adopted, taking into account cooperative projects, particularly those conducted within ad hoc intergovernmental bodies such as the Organisation for Joint Armament Cooperation (OCCAR) and the European Defence Agency (EDA).

Recognising that a number of defence companies, some of them integrated, do contribute to the design and production of equipment for European armed forces, sometimes working in cooperation, and despite the many barriers to its formation, the rapporteurs consider **that the EDTIB is both a goal and an embryonic, partial and fragmented reality.** It still relies heavily on national industries with varying degrees of cooperation and has yet to form an integrated and harmonised whole at the European Union level. These national industries compete with one another and do not yet have sufficient mutual trust to develop joint projects.

The rapporteurs do not confine the scope of the EDTIB to the European Union, as they consider it necessary to include Iceland, the United Kingdom, Norway, Switzerland and Ukraine, while not ruling out cooperation with other countries such as Turkey.

- ***The EDTIB may thus be defined as all entities involved in the design, development, production, maintenance and modernisation of defence equipment, with varying levels of integration, located in the European Economic Area,[1] the United Kingdom and Ukraine, with the ability to invest and innovate and holding design authority over their products.***

The NATO-centric mindset of most European states also raises questions about the existence of a “transatlantic” DTIB. According to a French military expert interviewed at NATO headquarters in Brussels, *“the EDTIB is a political concept that has no substance within NATO”*, for which *“the only DTIBs that matter are those on both sides of the Atlantic that supply NATO”*.

Although many allies believe that relations with the United States must be maintained, **there is, strictly speaking, no such thing as a “transatlantic” DTIB**, as Europeans are generally confined to the role of subcontractors in cooperative projects with the United States and kept at a distance from the most strategic components. **There is therefore a growing recognition that only European industrial development can preserve or achieve the technological capabilities that underpin strategic autonomy.**

- **An international context that opens a window of opportunity for developing the EDTIB**

The radical change in the geopolitical landscape, marked by both a direct threat from Russia and the potential disengagement of the United States, is fundamentally changing the game, forcing Europeans, driven by a sense of urgency, to take matters into their own hands.

For European states, however, the transition required in light of the unpredictability of their “great American ally” must take place gradually, without abrupt breaks or deliberate distancing, in the hope that any US disengagement will be only partial and deferred as long as possible.

“The United States is going to leave Europe. We need to prepare so that their departure happens smoothly.”

A British Member of Parliament interviewed in London

However, even the United States’ closest allies recognise **the need to “de-risk” their relationship with Washington**, prompting them to consider large-scale reinvestment in military production capacity. **The substantial resources to be mobilised must therefore be used to foster growth, industrial employment and technological catch-up**. **Our neighbours’ objective is clearly to develop their own national DTIB and, in some cases, outperform French manufacturers in a market that has suddenly become highly attractive**.

[1] The EEA comprises the European Union, Iceland, Norway and Liechtenstein.

"The target of allocating 3.5% of GDP to defence spending is based on calculations to meet NATO's updated capability plans. A commitment of 3.7% would close the capability gaps that have been identified."

A military expert interviewed at NATO headquarters in Brussels

However, the rapporteurs noted a consensus among our partners on the need to develop the EDTIB, in particular through cooperation based on strong political will and industrial considerations, while keeping in mind that defence falls within national jurisdiction.

The financial instruments developed by the European Union include, most notably, the European Defence Fund (EDF), the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry instrument, and the European Defence Industry Programme (EDIP) with its framework of measures to ensure the availability and timely delivery of defence products. **Although still imperfect, because of limited budgets and eligibility criteria that do not give full preference to European suppliers, these instruments should nevertheless play a key role in structuring the EDTIB.**

B. FRANCE'S POSITION WITHIN THE EDTIB MUST BE REDEFINED IN LIGHT OF EUROPE'S SECURITY EXPECTATIONS

France's role in the EDTIB remains paradoxical. Its determination, sustained for more than 60 years, to maintain its technological independence and its capacity for autonomous decision-making and action is now welcomed, if not envied, by its neighbours. However, **the weight of the French DTIB, which is de facto the most comprehensive on the continent, its technological lead in several segments and its unrivalled expertise in Europe in various aspects of nuclear deterrence can also fuel a form of mistrust and fear of a desire for domination within European partnerships**.

In the same vein, many partners have expressed regret at the sometimes merely perceived reluctance of French manufacturers to share their industrial know-how with their European competitors, and they make no secret of their desire to stay at the forefront of technological breakthroughs through the technology transfers secured under major cooperative programmes.

France's position within the EDTIB and **its ability to play a leading role in it are** therefore **far from assured**. Furthermore, our European neighbours will continue to take into account the US "security guarantee" they believe, rightly or wrongly, to be attached to the purchase of US equipment. The dominance of the American F-35 fighter jet across the European continent is the clearest illustration of this. **If France's DTIB wishes to play a prominent role in the development of the EDTIB and forge partnerships consistent with its level of technological expertise, the country must also consider what role it intends to play in the necessary changes in Europe's security architecture and in the security guarantees that will be required as a consequence for each country on the continent.**

France's DTIB must also look beyond its traditional partners and seek to forge partnerships with companies from DTIBs that are less comprehensive but complementary in certain segments, such as drones, robotics and batteries. One such example is Estonia, where there is a clear appetite for industrial cooperation with France and where joint projects are already emerging, including Skeleton's investment in Occitanie and the partnership between Thales and Milrem Robotics.

2. RESTORING THE CENTRAL ROLE OF PARTNERSHIP-BASED APPROACHES IN A DEFENCE MARKET THAT IS ONCE AGAIN BUOYANT

A. A NEW GEOPOLITICAL ENVIRONMENT FAVOURABLE TO A GENUINELY INDUSTRIAL APPROACH TO MAJOR PROJECTS

The difficulties encountered by major cooperative programmes (FCAS, GCAP, MGCS, etc.) should not be seen as evidence of the EDTIB's failure.

All European stakeholders are now reassessing their major programmes that were launched before the geopolitical landscape changed. At the end of August 2025, the National Infrastructure and Service Transformation Authority (NISTA), a new British government agency responsible for evaluating major projects, concluded that the success of the GCAP/Tempest programme appeared *"impossible",* given problems that were *"at this stage neither manageable nor resolvable"*. Similarly, an Italian industrial representative interviewed in Rome told the task force that Rheinmetall and Leonardo's Panther KF-51 programme was unrealistic, especially given the lack of an export market and the cost of maintaining a production chain for Italy alone. **France and Germany are therefore not the only countries facing difficulties with the FCAS and MGCS programmes**. The entire deck could soon be reshuffled.

These major programmes were launched at a time when the direct threat was remote, military budgets were in decline and the very survival of some manufacturers was at risk. The launch of these large-scale projects, presented as advances in "European defence", was also, if not primarily, intended to manage the shortage of resources, spread the cost of investment and offset the weakness of order volumes.

"With the increase in defence spending, there may be room for two sixth-generation fighters in Europe, as competition drives excellence."

A British military expert interviewed at NATO headquarters in Brussels

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With the return of war in Europe and rising defence spending and orders worldwide, **the design and production of arms are tending to be based more on profitability calculations and demand prospects.** Manufacturers see opportunities in this environment, and government intervention no longer appears as necessary to get projects off the ground.

In reality, the way in which the EDTIB is organised and operates is not confined to large state-led projects carried out on a bilateral or multilateral basis. The EDTIB can also develop through long-established national groups (such as Thales, Rheinmetall, Leonardo and Eurenco) that are expanding their presence in other European countries by acquiring companies or through the creation of integrated European consortia built on the consolidation of engineering and production capabilities.

The EDTIB can be organised according to three main models: cooperative projects, national groups operating abroad and integrated European groups.

The return to a functioning that resembles market dynamics is now more favourable to the development strategies of national players and even to the creation of new integrated European consortia than to "forced marriages" orchestrated by often cash-strapped governments.

Under these circumstances, our understanding of **how the EDTIB operates must change to better align commercial rationale with political priorities based on military needs**. Financial and industrial objectives must once again be given their rightful place in the design of European cooperative projects. This requires **re-examining the major programmes launched by governments, which have often proved more costly** (with no production rationalisation due to the principle of "geographical return"), **slower to implement** (because of lengthy negotiations) and **less technologically effective** (as a result of the compromises made on functionality).

B. A NEW, EFFICIENCY-BASED STRUCTURING OF THE EDTIB IS NEEDED

In this context, it seems **appropriate to take a fresh, unprejudiced look at the EDTIB, prioritising efficiency**.

Depending on the case, this would mean:

- **prioritising established players where technologies are already mastered by all market participants (ammunition, guns, tanks, frigates, combat aircraft, etc.) or where they have reached critical mass at the European level** (Rheinmetall, KNDS, Thales, Leonardo, Eurenco, etc.), so as to enable rapid and lower-cost production while supporting employment, growth and reindustrialisation;
- **reserving bilateral or multilateral cooperation for projects backed by a strong political agreement** and a clearly accepted division of roles (for example, the A300 MRTT, A400M and CaMo programmes);
- **accepting interdependence and the integration of engineering and production capabilities, in particular when European manufacturers are no longer able to compete individually on the global market** (as in the case of MBDA's missile activities or the ongoing consolidation between Thales, Leonardo and Airbus in the satellite sector) **or in the field of emerging technologies** (artificial intelligence, combat drones, very high-altitude systems, cyber security, quantum technologies, etc.).

At national level in France, the current rationale should be reversed by favouring an approach driven by demand from the armed forces, consolidated across several states where appropriate (a model supported, for example, by our German partners), leaving manufacturers free to organise themselves in response, rather than a supply-driven approach that can lead to forced mergers between domestic players.

Similarly, **export requirements must be factored in from the outset of programmes**, as our neighbours across the Rhine already do.

"German industry produces for the market before producing for its armed forces, whereas in France it's the other way round."

A defence expert interviewed by the task force

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3. TWELVE AVENUES FOR REFLECTION TO STRENGTHEN COOPERATION WHILE MAINTAINING NATIONAL DECISION-MAKING AUTONOMY

A. ASSOCIATING DEFENCE EXPENDITURE WITH SUPPORT FOR INDUSTRY AND EMPLOYMENT

The increase in funds earmarked for the armed forces in response to the threat of war on the continent raises legitimate questions on the part of Europe's citizens. **What justification can there be for devoting 3.5% or even 5% of GDP to the acquisition of weapons systems, ammunition and technologies, to the detriment of other equally legitimate priorities? It is essential to answer this question** by explaining that in a world where technological breakthroughs are key to the future of our economies, **military spending helps to maintain our technological expertise because of the dual civil-military nature of industries**.

In its latest Strategic Defence Review entitled *"Making Britain Safer: Secure at Home, Strong Abroad*", the UK has made defence a driver of the nation's economic growth by creating new factories, developing innovation and encouraging exports.

In this respect, **small and medium-sized enterprises (SMEs) and mid-cap companies, which play a vital role in the value chain, must be given greater support, notably by enabling them to benefit from resources dedicated to innovation (upstream studies), as included, at the**

Senate's request, in the Military Programming Law for 2024 to 2030. Similarly, for defence contracts, tenders that include these companies should be encouraged.

Avenue No. 1

Given the growing dual use of technologies and new frontiers (such as AI, cyber, quantum and satellite constellations), ensure that defence spending is more closely aligned with an industrial policy that supports growth and the reindustrialisation of our regions.

Support SMEs and mid-caps in the defence sector, notably by earmarking a proportion of upstream research funding for these companies and, in the context of defence contracts, by encouraging bids that include these companies.

B. RECONNECTING THE UNITED KINGDOM TO EUROPE'S DEFENCE

The United Kingdom and its major defence companies have their rightful place within the EDTIB. Given the UK government's desire to "reset" its relationship with Europe, it is necessary to **revive the spirit of the 2010 Lancaster House Treaties in order to contribute to the security of Europe**.

Ian Roome MP, Tan Dhesi, Chairman of the House of Commons Defence Committee, Hélène Conway-Mouret, Senator, Hélène Tréheux-Duchêne, Ambassador of France

However, the new geopolitical environment is forcing the European continent to take full responsibility for its own defence, including its nuclear capability. **This raises the question of the complementarity of the French and British deterrents, which have both entered renewal phases**. While the French programme is already well advanced revolving around the SNLE-3G third-generation nuclear-powered ballistic submarines (SSBN), the first of which has been under construction in Cherbourg since June 2024, and the future ANS4G ground-to-air nuclear missile, the UK has embarked on a programme to build four new SSBNs and is considering the reintroduction of an air-launched component.

Although HMS Dreadnought is scheduled to enter service in 2030 and was officially laid down at the BAE Systems yard in Barrow-in-Furness on 20 March 2025, **the future of a second British component remains uncertain due to the high cost of developing delivery systems and warheads, and the need to reconstitute a doctrine and operational capability**.

Avenue No. 2

Examine all avenues of cooperation within the framework of the current exchanges between France and the United Kingdom on nuclear deterrence, while guaranteeing the independence of decision-making and the preservation of both nations' sovereignty and bringing together the two Parliaments.

Consider extending this cooperation to multiple segments at the conventional level, in the spirit of the Lancaster House Treaties.

C. DEVELOPING FLEXIBLE EUROPEAN COMMAND STRUCTURES TO ALIGN THE OPERATIONAL NEEDS OF FORCES

While there is a consensus in Europe on the need to preserve NATO's command structures, the shift in the position of the United States within the Alliance is prompting Europeans to shoulder greater responsibility for their own operational capabilities, as illustrated by the creation of the "coalition of the willing" to enable some thirty countries to coordinate their contributions to a peacekeeping force in Ukraine.

Perpetuating this type of flexible structure may also help to harmonise expressions of needs and promote the creation of industrial partnerships to meet them, rather than the current system in which each state defines its own needs and strives to meet them by giving priority to its national industry.

Avenue No. 3

Include a capability dimension in the ad hoc command structures established by Europeans in order to identify needs and shortcomings and to encourage joint tenders from industry in the medium term.

Develop joint training and exercises among European armed forces with a view to promoting interoperability and harmonising capability requirements based on the identification of operational needs.

D. EUROPEANISING THE CULTURE OF THE FRENCH DTIB

The magnitude of the French DTIB remains a source of concern for our partners, given the genuine or perceived difficulties in reaching balanced agreements with other European manufacturers. This situation should **lead French manufacturers to rethink their offerings by developing industrial offsets, to take greater account of the export constraint from the very start of programmes, and to increase their investments in other European countries in order to become truly European players with several domestic markets**.

Avenue No. 4

Send out signals announcing a change in the French defence industry's attitude, which could take several forms, including the **development of European purchasing as illustrated by the acquisition of two GlobalEyes systems from Saab, and the continued Europeanisation of production chains by incorporating more European suppliers and agreeing to carry out production in certain European countries.**

E. RETHINKING RELATIONSHIPS BETWEEN THE NATIONAL DTIB AND THE EDTIB IN TERMS OF THE SECURITY GUARANTEES THAT CAN BE PROVIDED TO EUROPEAN ALLIES

The all-too-frequent preference for US equipment is due to European countries considering that a "security guarantee" is attached to these "off-the-shelf" purchases or unbalanced cooperative ventures.

The link between equipment sales and "security guarantees" that is made explicitly or implicitly by the United States must be clearly and confidently discussed with our allies, as this could facilitate the measurement of reciprocal commitments and clarify choices for the security of the continent at a time when the nature of the United States' commitment has changed. **This strategic dialogue, to be pursued notably with Finland, the Baltic States, Poland, Bulgaria and Romania, should also be backed by the reinforcement of our conventional capabilities** with a view to the possibility of a high-intensity engagement in Eastern Europe.

Avenue No. 5

Developing the EDTIB cannot be considered without raising the question of how the European security architecture will evolve and progress towards greater strategic autonomy.

In this context, the nature and volume of France's potential contribution to the continent's joint security guarantees are essential questions that must be addressed.

F. REINTRODUCING COMMERCIAL RATIONALES INTO THE MAJOR WEAPONS PROGRAMMES DECIDED BY GOVERNMENTS (MGCS, FCAS)

The decline in defence spending may have justified governments' active pursuit of bilateral cooperation for the past twenty years or so, but the **major rise in demand for military equipment in Europe and around the world has now given companies greater freedom to choose their strategies and their investments, as well as the forms of cooperation** they wish to develop. In this new context, **a balance between political and industrial choices needs to be struck, and governments can put more trust in company leadership to find the best production processes.**

Pascal Allizard and Hélène Conway-Mouret at the headquarters of MTU Aero Engines in Munich

National courts of auditors' assessments of major cooperative armaments programmes have shown that these production methods are often costly, result in longer lead times and do not always produce satisfactory technological choices. In this new geopolitical context, **the organisation of the EDTIB should therefore be re-examined by comparing the respective merits of the different organisational and production arrangements.**

These comments on the current organisation of the EDTIB also apply to the *FCAS* programme, which after many years of negotiations still lacks **a transparent assessment of the costs for the contracting states and a clear division of responsibilities between the industrial partners**.

In this respect, the persistence of profound disagreements between the various players means that it is now urgent to establish an agreement to make the governance of each batch as effective as possible and to protect each stakeholder's intellectual property rights and technological know-how. Failing a quick outcome on these bases, it will be essential to review the current agreement and examine alternatives, such as deciding to entrust these programmes either to the established national industrial players, leaving them to negotiate their own possible European partnerships, or to create new, more integrated pan-European players.

To create successors to the Rafale and Eurofighter aircraft, European countries first **need to develop a joint "system of systems" that will ensure the integration of all future platforms** (sixth-generation fighters, combat drones, etc.). This is not the right time to delay the development of this architecture because of Franco-German industrial disagreements over the NGF alone, especially since a **grouping could be created of French, German and European manufacturers seeking to work together in mutual trust to produce and market a new state-of-the-art fighter adapted to France's specific needs (nuclear deterrent, naval version), while meeting the expectations of many major countries worldwide and incorporating breakthrough technologies**. It has now become necessary to consider this kind of restructuring to reduce lead times, control costs and guarantee the required technological performance.

While the MGCS programme seems to be encountering difficulties similar to FCAS, **progress has been made thanks to a new company created for the project with the four partners (KNDS France, Thales, KNDS Deutschland and Rheinmetall) and responsibilities divided across different pillars**, even if the partners' roles are currently not fully balanced, particularly regarding the choice of turret. However, the Ministry of Defence's considerations around gaining the capability to transition to heavy-armoured tanks through a Franco-German solution offered by KNDS could offer a way to eventually make the partnership more balanced.

Avenue No. 6

In view of the serious difficulties encountered by cooperative programmes to produce the fighter of the future and, to a lesser extent, the tank of the future**:**

- **For the sixth-generation fighter, failing a rapid and robust agreement on governance and intellectual property in particular, assess an alternative scenario that responds to France's operational needs. This could involve historic European actors seeking to work together, using a commercial rationale ("bottom up"),** in order to make the best possible choice in terms of lead times, costs and performance.
- **Consider the creation of integrated European companies along the lines of the "MBDA model", which could bring together France, the UK, Germany and Italy to design a joint "system of systems" that would allow for all future platforms to be integrated and interoperable (successors to the Rafale, Eurofighter and Gripen aircraft, combat drones, etc.).**
- **Concerning the MGCS programme, relaunching the programme with a company created for the project and pushing back the schedule should make it possible to maintain the Franco-German balance in the division of roles.**
- **More broadly, the launch of cooperative ventures should be subject to the following criteria:** the existence of the states' clearly defined and harmonised **operational requirements**; a **strong political will** to ensure support for the project by government and industry; a **demand-driven** rather than supply-driven approach by favouring pooled calls for tender; **avoidance of "forced marriages" to give manufacturers the freedom to organise their operations and determine the right cooperation model** (special partnership, joint venture, subcontracting, etc.) within an agreement clearly defining each party's roles and powers; guarantee of a **realistic financial envelope** ensuring the sustainability of the project; **preference for limited cooperative ventures**, even if broader access to them may be granted at a later date.

G. INCREASING THE NUMBER OF PROJECTS CONDUCTED ON A SMALL SCALE OR INVOLVING EMERGING TECHNOLOGIES TO CREATE A COMMON INDUSTRIAL CULTURE AND A "EUROPEAN REFLEX"

The difficulties encountered by major state programmes imposed from the top down call for a change of approach that would **prioritize smaller-scale and, quite frankly, more realistic projects** in order to build a common industrial culture and a "European reflex".

Pascal Allizard and Luisa Riccardi, Deputy National Armaments Director (DNA) at the Italian Ministry of Defence

Moreover, while industrial cooperation in the development of "traditional" equipment such as armoured vehicles, aircraft and artillery may be complicated by the "weight of history", as these sectors have largely shaped the national DTIBs, **partnerships could be developed in sectors described by one interviewee as *"agnostic"*, particularly in emerging or disruptive technologies**.

The people interviewed during the fact-finding mission's visits regularly called for the launch of joint projects in the space, artificial intelligence and quantum physics sectors, i.e. in emerging technologies that require major investment and where European cooperation would add significant value.

The capability goals approved by defence ministers in June 2025, based on the defence plans adopted at the Vilnius summit in 2023, **defining the equipment that each NATO member state must acquire,** can also **serve as a roadmap for industry and form a basis for the development of new cooperation activities** among European states.

Similarly, **the White Paper on European Defence presented on 19 March 2025 identifies nine priority areas**: integrated and multi-layered air and missile defence, artillery systems, ammunition and missiles, drones and anti-drone systems, military mobility, AI, quantum-cyber-electronic warfare, strategic enablers and critical infrastructure protection. Based on these common orientations, **European states can identify their shared needs and make joint acquisitions, notably by using existing European mechanisms**.

Avenue No. 7

Forge more partnerships, particularly for export ventures, as KNDS France and Leonardo have just done with their teams and production capacity in the United States, in order to offer the CAESAr self-propelled howitzer to the US Army.

Avenue No. 8

Initiate partnerships throughout the entire European continent, especially in emerging or disruptive technologies (space, artificial or quantum intelligence).

Launch new cooperative ventures in response to the capability goals recently agreed by the Member States within the NATO framework and the White Paper on European Defence, notably to address current capacity shortfalls.

H. PRESERVING THE EXPORT CAPACITY OF THE EDTIB

The business model for the national DTIB is largely based on its export capacity, whether for Rafales, frigates or CAESArs. However, the sensitive nature of military equipment justifies a general ban on exports, with government authorisation being the exception to this rule. In many cases, this principle of prohibition often causes the Minister for the Armed Forces to act as the sales representative for the DTIB, whereas in some countries, such as Germany, Parliament has the power to authorise exports of specific types of equipment, such as Eurofighters.

Avenue No. 9

Encourage **companies to adopt a more proactive international business development strategy, submit joint tenders and therefore become less dependent on the DGA (French government defence procurement and technology agency) network of armaments attachés**.

Maintain the **full and autonomous capacity of states to promote their exports without being dependent on the choices of another state**.

I. REAFFIRMING THE UNIQUE NATURE OF THE ARMS INDUSTRIES AND THEIR EXCLUSION FROM THE RULES GOVERNING THE EUROPEAN INTERNAL MARKET

To enable states to implement their new defence policies, **it is vital for the defence sector to remain exempt from the rules that apply to the internal market, whether those pertaining to the Merger Regulation or to subsidy schemes**. Reiterating these principles is essential at a time when the European Commission is considering extending its powers under its remit for competition law and the organisation of the internal market.

The rapporteurs point out that the rules governing the operation of the internal market often tend to encourage the proliferation of operators in order to avoid the emergence of dominant players. However, the ability to improve the structure of the EDTIB is in the European general interest.

The "Omnibus" legislative package, presented on 17 June 2025, is a welcome set of measures in this regard. In addition to the measures it contains (an accelerated authorisation regime for defence projects at European Union level, an increase in the threshold for the exclusion of defence contracts from public procurement rules from €440,000 to €900,000, and the reduction of administrative burdens for the European Defence Fund (EDF), etc.), several avenues need to be explored, such as a moratorium on the creation of new European standards, and a general simplification of the application of civil regulations to defence SMEs and mid-caps.

Avenue No. 10

Exempt the defence sector from internal market rules on mergers and subsidy schemes.

Go beyond the scope of the "Defence Omnibus" package by relaxing certain regulatory requirements for the benefit of SMEs and mid-caps in particular.

J. STRENGTHENING THE EUROPEAN UNION'S FACILITATION AND SUPPORT ROLE

While individual states must retain responsibility for defence and the organisation of their national DTIBs, **the European Union can play a fundamental role by identifying common needs, promoting the adoption of common standards** (e.g. for communication and command systems), **and encouraging the development of joint capabilities**.

Furthermore, having recognised the funding needs of the armaments industries, the **European Commission has established mechanisms to help boost the production of ammunition** (Act in Support of Ammunition Production - ASAP), **support the defence industries** (European Defence Industrial Strategy - EDIP) and **encourage joint investment** (Security for Action for Europe - SAFE). While these funding programmes are useful, **the amounts mobilised remain limited and ultimately insufficient** to enable a veritable rearming of Europe, which means that the states are required to increase their investments to 3.5% of GDP in accordance with the conclusions of the NATO summit[1] held in The Hague on 24 and 25 June 2025. **A change of scale is therefore necessary, which can only take place within the next Multiannual Financial Framework for 2028-2034**.

In addition to public funding, the reluctance of private financiers to invest in the defence sector due to reputational or compliance concerns is hampering the development of the EDTIB. Although this reluctance has been easing in recent months, mainly due to the increase in defence spending, which is making the sector increasingly attractive to investors, this trend remains fragile and may prove temporary. **Vigilance must therefore be maintained concerning any proposed taxonomy or eco-label projects that might exclude the defence sector from activities considered as "sustainable", thereby posing the risk of further restricting its sources of funding**.

Similarly, **the European Investment Bank's (EIB) financing policy, which continues to prohibit any financing of companies manufacturing arms and ammunition**, acts as an obstacle and sends out a negative signal to investors that should be removed without delay.

In addition, the proliferation of standards leads to industrial fragmentation and higher costs and may undermine the effectiveness of coalition-run operations.

Although interoperability between NATO member countries has improved substantially, **the interchangeability of equipment remains difficult to achieve**. For example, feedback from the conflict in Ukraine **has shown that 155 mm shells, despite being of identical calibre, sometimes differ to the extent that guns need to be reprogrammed directly on the battlefield**.

This is why **a process of standardisation seems necessary, which should promote the convergence of defence technologies within the European Union in order to improve the interoperability of armed forces, notably through the European Defence Agency (EDA) and the Permanent Structured Cooperation (PESCO) framework**.

Avenue No. 11

Consolidate the European Union's role as a facilitator, at both normative and financial levels.

Enable the European Union to finance the construction of armaments factories that can be activated in the event of conflict (ammunition, missiles, drones, microprocessors), **and to build**

[1] 3.5% for defence investment plus 1.5% for more general security-related investments, taking account of the infrastructure required for force mobility.

up stocks of critical raw materials (rare earth elements, gunpowder, explosives, chemicals, etc.), as in the United States.

Encourage the standardisation of equipment at European level.

Avenue No. 12

Ensure that the **Multiannual Financial Framework for 2028-2034 marks a change of scale in defence financing**, and that the **EIB's investment policy is revised to enable it to finance all companies operating in the defence sector**.

Make strict compliance with European preference a condition sine qua non for obtaining European Union funding.

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http://www.senat.fr/commission/etr/index.html