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DRAFT REPORT

on European Defence Readiness 2030: assessment of needs
(2025/2142(INI))

Committee on Security and Defence

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CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	8
ANNEX: DECLARATION OF INPUT	9

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on European Defence Readiness 2030: assessment of needs (2025/2142(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU),
- having regard to Title V of the Treaty on European Union, in particular Chapter Two, Section Two thereof on the common security and defence policy,
- having regard to the White Paper for European Defence – Readiness 2030 presented by the Presidency of the European Commission on 19 March 2025, and its five-pillar financing plan, ‘ReArm Europe’,
- having regard to the Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 18 May 2022 on the Defence Investment Gaps Analysis and Way Forward (JOIN(2022)0024),
- having regard to the study by the European Commission published on 11 January 2024 entitled ‘Access to equity financing for European defence SMEs’¹,
- having regard to the Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 5 March 2024 entitled ‘A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry’²,
- having regard to Mario Draghi’s report of 9 September 2024 on the future of European competitiveness (Draghi report),
- having regard to the European Investment Bank (EIB) Activity Report 2024,
- having regard to the European Parliament report of 30 April 2025 on the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ([COM\(2024\)0150](#) – C10-0005/2024 – 2024/0061(COD)),
- having regard to the joint communiqué issued on 6 June 2025 by France, Germany, Spain, Estonia, Luxembourg, the Netherlands and Portugal on the launch of the European ‘Finance Europe’ label³,

¹ <https://data.europa.eu/doi/10.2889/698738>

² <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:52024JC0010>

³ <https://presse.economie.gouv.fr/lancement-du-label-europeen-finance-europe-pour-que-lepargne-des-europeens-contribue-au-financement-de-leconomie-europeenne/>

- having regard to the proposal of the European Commission on the Defence Readiness Omnibus package of 17 June 2025, aimed at simplifying the relevant legal and administrative frameworks to strengthen the EU’s defence readiness,
 - having regard to the opinions of the Committee on Economic and Monetary Affairs, the Committee on Industry, Research and Energy, and the Committee on Budgets,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Security and Defence (A10-0000/2025),
- A. whereas, according to the European Defence Agency (EDA), after a decline in 2014, Member States’ defence expenditure reached EUR 326 billion in 2024, or 1.9% of their GDP;
- B. whereas the Commission estimates that Member States will need to invest an additional EUR 800 billion in defence by 2030 under the ‘ReArm Europe’ plan, involving an annual increase of 10% in spending to reach around EUR 575 billion in 2030, or 3.15% of combined GDP; whereas, in its proposal for the Multiannual Financial Framework (MFF) 2028-2034, the Commission allocates EUR 131 billion to defence and space, five times more than in the previous period;
- C. whereas, according to the EDA, 30% of Member States’ defence expenditure in 2024 was devoted to investment, of which 88.2% was for the acquisition of new equipment and 11.8% for research and development; whereas, under the ‘ReArm Europe’ plan, this increase is expected to generate at least EUR 240 billion in additional investment by 2030;
- D. whereas, according to the Commission, 78% of Member States’ defence procurement between February 2022 and June 2023 came from third countries, with the United States accounting for two thirds of this figure, and 70% of the turnover of the European Defence Technological and Industrial Base (EDTIB) depends on European public procurement;
- E. whereas, according to the Aerospace, Security and Defence Industries Association of Europe (ASD), the EDTIB, which in 2023 accounted for around 580 000 direct jobs, 1.4 million indirect jobs and a turnover of EUR 160 billion (one third of which came from exports), faces a triple challenge: recruitment, procurement and financing;
- F. whereas, according to a Commission study, SMEs in the EDTIB face greater difficulties than those in other sectors in obtaining credit and equity financing due to: (i) irregular public procurement and payment delays between subcontractors, which reduces cash flow visibility; (ii) the exclusion of defence activities by some investors for image reasons; and (iii) limited exit opportunities for defence assets on European capital markets;
- G. whereas additional financing needs for the EDTIB for the period 2025-2030 are estimated at between at least EUR 30 billion and EUR 40 billion, of which EUR 6 billion to EUR 18 billion will be in equity;

- H. whereas the defence sector remains highly fragmented, structured around major buyers and fragile subcontracting chains, which limits the cash flow of small businesses, which are often forced to finance their working capital requirements with long-term resources;
- I. whereas the EIB mobilised nearly EUR 1 billion in 2024 to support short-term loans to SMEs and is aiming to mobilise EUR 2 billion in 2025; whereas it has already allocated EUR 13 billion to defence since 2017 and plans to allocate an additional EUR 6 billion by 2027, while expanding its activities to include dual-use projects and developing new financial instruments;
- J. whereas in 2023, among the foreign direct investments (FDI) notified under the European FDI screening cooperation mechanism, approximately 39 cases were subject to in-depth review, which particularly affected the defence and aeronautics sectors⁴;
- K. whereas, despite the establishment of specialised funds in Europe, only around 30 European funds specialising in defence existed in 2024, of which four had assets exceeding EUR 500 million, compared with more than 50 in the United States, including 30 of that size, and this situation leads to a less attractive secondary market, lower valuations during exit transactions and a risk of takeover by foreign investors;

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

Supporting and better directing Member States' public investment in defence

1. Expresses concern that, despite the objectives of the 'ReArm Europe' plan, by the end of July 2025 only 10 out of 27 Member States had announced a clear target to increase their defence spending to at least 3% of GDP by 2030; encourages each Member State to publish a detailed strategic vision for its military expenditure until 2030, including its capability targets;
2. Welcomes the proposals set out in the 'ReArm Europe' plan to offer Member States greater budgetary flexibility, in particular the loan facility under the EUR 150 billion 'Security Action for Europe' instrument; regrets, however, that the Commission has based this instrument on Article 122 TFEU, thereby ruling out consultation with Parliament, which prevents monitoring and control of the funds and risks exacerbating disparities between Member States; calls on the Commission to refrain from applying this article to other components of the 'ReArm Europe' plan, as well as to other issues related to defence financing;
3. Welcomes the Commission's proposals to facilitate and speed up defence procurement; Calls for the European preference to be strengthened by raising the eligibility criteria for the 'ReArm Europe' plan, in particular by setting a minimum threshold of 70% of the estimated value of the products being financed coming from components from European or associated countries;

Adapting the Union's budget and financing tools to meet security challenges and the needs of businesses

⁴ <https://circabc.europa.eu/ui/group/be8b568f-73f3-409c-b4a4-30acfcec5283/library/a27a9d61-a090-4637-99e0-1d2673b7d719/details?download=true>

4. Calls on the Commission to consolidate and clarify the ‘defence’ envelope provided for in the 2028-2034 MFF, exploring all options to support Member States’ defence investments without increasing their contributions or taxation, in particular through existing mechanisms;
5. Regrets that the EIB’s investment policy still excludes ‘arms and munitions’; calls, in the interests of consistency with the ‘ReArm Europe’ plan, for the EIB to strengthen its commitment to the European defence industry; suggests formally extending its mandate to include support for the EDTIB within a specialised subsidiary, backed by Commission guarantees and supported by a network of experts; believes that such a structure would be a more effective solution than the creation of a new ‘defence, security and resilience bank’, as proposed in the resolution on the White Paper on the future of European defence;
6. Stresses the importance of improving the accessibility and consistency of European investment support funds for EDTIB companies by adjusting eligibility criteria, simplifying application procedures and harmonising the objectives of work programmes; calls on Member States to strengthen the role of their chambers of commerce and industry in supporting SMEs in the EDTIB in their research and in gaining access to EU funding;

Removing disincentives to private investment in defence

Simplifying access to short-term finance for EDTIB companies

7. Calls on the EU Payment Observatory to carry out a study on compliance with payment deadlines in the EDTIB compared to other branches of industry, and to rank the most rigorous companies in this regard;
8. Calls on the EIB, with the support of Member States, to attain a figure of EUR 4 billion for short-term loans with risk guarantees of up to 50%, and calls for the relaxation and simplification of the EIB’s defence commitment criteria, as well as the extension of eligibility to indirect subcontractors;

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

9. Notes that, despite the efforts made since the start of the war in Ukraine, many investors remain reluctant to finance defence due to a strict interpretation of environmental, social and governance (ESG) standards, as well as image risk; calls on financial actors to improve their proficiency in analysing and processing defence-related financing; urges the Commission to step up its information and awareness-raising efforts regarding EDTIB financing;
10. Calls on the Commission and the European Securities and Markets Authority to replace the concept of ‘controversial weapons’ with that of ‘prohibited weapons’, in line with the definition set out in the Annex to Delegated Regulation (EU) 2025/[...], adopted as part of the Defence Readiness Omnibus; stresses that this definition is limited to those weapons expressly prohibited under binding international conventions; calls on private financial actors to restrict their exclusions to this consolidated list and to publish their

investment policies; proposes that the inclusion in European financing of actors whose investment policies go beyond this exclusion be reviewed on a case-by-case basis;

11. Calls on the Commission to publicly reaffirm that the EU Green Taxonomy does not prohibit investment in defence; calls for defence activities to be recognised within this taxonomy as contributing to UN Sustainable Development Goal 16 ('Peace, justice and strong institutions'), as part of the prevention of armed conflict and as a guarantee of peace;

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

12. Considers it essential to support a European market of specialised investors offering a continuum of financing (credit, private debt and equity) to companies in the EDTIB at all stages (start-ups, SMEs and mid-cap companies); welcomes the Commission and the EIB's initiative to establish the Defence Equity Facility, with a budget of EUR 175 million for the period 2024-2027; encourages the EIB to increase this budget to EUR 1 billion in order to better meet the equity needs of the EDTIB and its value chain;
13. Calls on the Commission to consider relaxing antitrust rules in order to facilitate intra-European consolidation in cases where strategic defence companies are brought under European control; calls, at the same time, on Member States to strengthen their controls on direct investments by foreign actors;
14. Welcomes the launch of the 'Finance Europe' label; notes that this label, which aims to channel private savings towards long-term investments in Europe's real economy, promotes the equity financing of companies; encourages the Commission to support this initiative by proposing a European label as part of the Savings and Investment Union;

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

EXPLANATORY STATEMENT

Europe, faced with a resurgence of geopolitical threats, must invest heavily to upgrade its defence system. For thirty years, the European Union has underinvested in its defence, with dire consequences for its military capabilities and industrial base. The number of battle tanks in Europe has fallen from 16 851 in 1992 to 3 383 in 2021 (a drop of 80%)¹. Taking into account the ‘accumulated backlog’, the European Commission estimates that an additional EUR 800 billion will be needed to renew and modernise Europe’s arsenal. Despite increased financial efforts since 2022, the effective build-up of European armed forces remains hampered by divergences in national budget planning, administrative inertia, the fragmentation of markets and the difficulty of pooling industrial efforts.

In order to meet these needs, on 5 March 2025, the President of the European Commission presented her ‘ReArm Europe’ plan. This plan, which is intended to raise an additional EUR 800 billion for EU defence, is based on five proposals, each of which is set out in Chapter 4 (‘Funding options’) of the White Paper on the Future of European Defence.

However, the ‘ReArm Europe’ plan focuses mainly on the budgetary facilities that could be granted to Member States to finance their increased defence spending, and does not address the issue of how defence industrial companies can gain access to debt and capital financing. According to a study conducted by the European Commission in January 2024, during the period 2021-2022, two-thirds of defence companies did not seek equity financing, and nearly 50% did not seek debt financing (compared to an average of 6.6% for EU SMEs during the same period)². The main reasons identified by the Commission for these difficulties are:

1. The length and complexity of procurement procedures and payment delays between main contractors and subcontractors in the defence sector, limiting visibility of market potential and cash flow;
2. The overly strict and cautious interpretation of ESG criteria, leading banks and investment funds in the EU to adopt exclusion policies;
3. The screening of foreign direct investment in defence assets, combined with a limited market of late-stage investors in the EU, constraining exit opportunities.

The objectives of this own-initiative report are:

- to enable Parliament to take a position on each of the proposals in the ‘ReArm Europe’ plan;
- to add further proposals. To this end, around 40 interviews were conducted between November 2024 and June 2025 with various institutional and private actors in the defence sector to identify the current obstacles to defence financing in Europe and the proposals that could be supported to remove them.

¹ Munich Security Report, ‘Defense sitters – Transforming European Militaries in times of war’, June 2023.

² European Commission, ‘Study results: Access to equity financing for European defence SMEs’, 11 January 2024.

ANNEX: DECLARATION OF INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he included in his report input on matters pertaining to the subject of the file that he received, in the preparation of the draft report, from the following interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register¹, or from the following representatives of public authorities of third countries, including their diplomatic missions and embassies:

Interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register
Institutional actors:
Banque européenne d'investissement (BEI) – M. Grégoire Chauvière Le Drian, directeur du bureau France, et Mme Alice Terracol, directrice de cabinet.
Direction générale de l'armement (DGA) - M. Emmanuel Chiva, délégué général pour l'armement.
Bpifrance - M. Nicolas Dufourcq, directeur général, M. Pascal Largade, directeur exécutif en charge de l'international, de la stratégie, des études et du développement.
Defence manufacturers:
Association des industries aérospatiales et de défense de l'Europe (ASD) - M. Burkard Schmitt, directeur défense.
Groupement des Industries Françaises de Défense et de Sécurité Terrestre (GICAT) - Général (2S) Jean-Marc Duquesne, délégué général.
Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) - M. le général Frédéric Parisot, délégué général, Delphine Miramont, responsable des affaires européennes.
Groupement des Industries de Construction et Activités Navales (GICAN) - M. Philippe Missoffe, délégué général.
Financial actors:
Banking sector:
Fédération bancaire européenne - M. Mateusz Marciniak, public affairs advisor.
Deutsche Bank - M. Malte Kilian, Head of EU Government & Public Affairs.
European Associations of Coopérative Banks (EACB), Mme Priscille Szeradzki, présidente.
Société Générale - M. Eric Allain des Beauvais, responsable du financement des exportations de défense et spatiales, M. Stéphane Giordano, responsable des affaires publiques et président de l'AMAFI (Association française des marchés financiers).
Groupe BPCE - M. Benoît de La Chapelle-Bizot, conseiller du président du directoire du Groupe BPCE, directeur des Affaires Publiques.
Fédération Bancaire Française - M. François Lefebvre, directeur général adjoint, et M. Benjamin Quatre, responsable des affaires publiques.
Financial markets:
Association pour les marchés financiers en Europe (AFME) - M. Rémi Kireche, directeur général, Mme. Carolina Cazzaroli, avocate en charge de la finance durable et de la

¹ Interinstitutional Agreement of 20 May 2021 between the European Parliament, the Council of the European Union and the European Commission on a mandatory transparency register (OJ L 207, 11.6.2021, p. 1, ELI: http://data.europa.eu/eli/agree_interinst/2021/611/oj).

simplification.
German Investment Funds Association BVI - M. Rudolf Siebel, Managing Director.
Finance Denmark - Mme Pi Wegefelt, Head of EU Affairs, Investment and Sustainability.
Fonds d'investissement Défense Angels - M. Guy Gourevitch, président, M. François Mattens, co-fondateur vice-président.
Fonds d'investissement AllStrat - M. Eric Gaillat, associé co-fondateur, M. Rainier Brunet-Guilly, associé co-fondateur, M. Adrien Ramesan, associé co-fondateur.
Fonds d'investissement Tikehau - M. Grégoire Lucas, directeur des relations stratégiques.
Fonds d'investissement Weinberg Capital - M. Lionel Mestre, partenaire, responsable du fonds d'investissement Eiréné dédié aux PME et ETI de la défense.
Fonds d'investissements Sienna Investment Managers - M. Paul de Leusse, président, M. Thibault de Saint Priest, secrétaire général, Mme. Olivia Noirot-Nérin, directrice dette d'entreprises et future directrice du fonds défense Hephaïstos.
<u>Insurers:</u>
Generali - M. Fabio Marchetti, Group Head of International Public Affairs and Regulatory Advocacy.
Munich RE - M. Gartside, Nicholas, Member of the Board of Management
Allianz - M. Fabien Wathle, directeur général d'Allianz France, M. Christophe Gauer, directeur des affaires publiques, M. Nicolas Boulet, Chief Investment Officer.
France Assureurs - M. Hugues Ribière, responsable des affaires européennes.
AXA - M. Jean-Baptiste Tricot, directeur des investissements du groupe.
Matmut - M. Leovic Lecluze, directeur des investissements, M. Nicolas Gomart, directeur général.
<u>Others:</u>
Incubateur HexaBlock, créateur de la plateforme de financement collaboratif d'entreprises de la défense SouvTech Invest - M. Thomas Léger, co-fondateur de SouvTechInvest, M. Pierre-Elie Froissard, co-fondateur et directeur de SouvTech Invest, Mme Nadège Monneron, co-fondatrice de SouvTechInvest, directrice d'HexaBlock.
Defacto, société de financement à court terme des entreprises, Mme Charlotte Gounot, présidente fondatrice.

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

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