

LETTER OF INTENT ON A STRATEGIC DEFENCE INDUSTRIAL PARTNERSHIP BETWEEN THE EUROPEAN COMMISSION AND UKRAINE

The European Commission and Ukraine,

RECALLING the Joint Security Commitments between the European Union and Ukraine, signed in Brussels on 27 June 2024, in particular the undertaking to foster greater cooperation between the European and Ukrainian defence industries in the spirit of the European Defence Industrial Strategy, and acting in implementation thereof;

RECOGNISING the intensification of large-scale missile and drone attacks against Ukraine, and the multiplication of security incidents on the Union's eastern flank, as direct consequences of the Russian Federation's continued aggression;

UNDERLINING the European Union's and its Member States' steadfast support for Ukraine's security, the necessity of maintaining and increasing the Union's financial effort and of further strengthening cooperation with Ukraine, and the role of the Ukraine Support Loan (UASL) as the principal instrument of financial support for Ukraine's procurement of defence products;

ACKNOWLEDGING that the implementation of the UASL has exposed the challenges facing the European Defence Technological and Industrial Base (EDTIB) in ramping up production to meet the needs of the Ukrainian and Member States' armed forces — in particular as regards drones and counter-drone systems, air defence and anti-ballistic missiles, ammunition, and airspace superiority — the existing production capacities of the EDTIB being insufficient in those areas;

RECOGNISING that Ukrainian industry, drawing on real-time battlefield experience, has driven the innovation that has enabled the Ukrainian armed forces to resist the Russian invasion despite the numerical imbalance of forces, including the development of a drone industrial sector with an estimated production capacity of nine million units in 2026, against fewer than one million for the EDTIB, and continued investment in low-cost missile solutions;

WELCOMING the bilateral drone deals offered by Ukraine to Member States and third countries, providing for technical assistance and possible localisation of production, several of which have been concluded in recent months;

DETERMINED to make full use of the SAFE instrument for acceleration of the establishment, both on the territory of European Union and Ukraine, of joint ventures and co-production between European and Ukrainian defence industry companies, by jointly addressing regulatory, funding and institutional enablers for deeper defence industrial integration;

RECOGNISING that the European Union provides financial support for defence cooperation through the UASL and other funding instruments and has vast technological and industrial capacities and safe and secure production sites, while Ukraine has developed leading-edge

systems in the drone area but is lacking financial means, secure production capacities, and the capacity to stock large numbers of systems in secure areas;

MINDFUL of Ukraine's progress towards accession to the European Union, and determined to enable the faster integration of the Ukrainian defence industry into the European Union defence industrial ecosystem;

Have reached the following understandings:

1. Purpose

1.1 The European Commission and Ukraine intend to work jointly to develop a strategic defence industrial partnership and **to establish together with the EU Member States a European Union–Ukraine Defence Industrial Pact** (hereinafter “the Pact”). Both sides will work within their respective systems to ensure the conclusion of the Pact in line with the applicable procedures.

1.2 Building on the logic of the existing bilateral drone deals between EU Member States and Ukraine, the Pact will aim to facilitate, coordinate and assist the, their full implementation, providing a single coherent European Union–Ukraine framework.

2. Priority Areas of Cooperation

2.1 European Union and Ukraine Agreement in the format of drone deal. The European Commission and Ukraine undertake to promote the joint production between EU Member States and Ukraine of drone and anti-drone systems in the short term (by the end of 2026). This cooperation aims to protect against the full spectrum of aerial threats, including low-, medium- and long-range unmanned aerial systems and missiles, to deploy at scale battle-proven drone systems, and to provide both defence industrial bases with the predictability needed to decisively step up investment and production.

2.2 Anti-ballistic missiles. In the short to medium term (by 2028), the European Commission and Ukraine intend to work towards ramping up joint production by the EU industry and the Ukraine defence industry of anti-ballistic missiles to close the existing gap in air defence capabilities. Cooperation in the missile area will prioritise lower-cost systems, without prejudice for the European Union investing in parallel in other systems to ensure protection of Member States and Ukraine against the full typology of threats. Other essential defence capacities, including artillery systems, will continue to be supported, with a view to resolving existing bottlenecks such as energetic materials. The European Commission undertakes to explore additional possibilities for the financial support of the Flagship Project to develop a European Anti-Ballistic capability in the framework of the Anti-Ballistic Missile Coalition.

2.3 Supply chains. The Pact will aim to increase efforts to guarantee supply chains critical to the resilience of Ukraine's war effort and to the strategic resilience of the European Union, including through a joint agreement on supply chains and components addressing bottlenecks in critical raw materials and components. This would leverage the Ukraine Investment Framework (UIF), agreements with Ukraine on Critical Raw Materials, the Commission's

future EU Critical Raw Materials Centre, and targeted actions under the European Defence Industry Programme (EDIP) and the Ukraine Support Instrument (USI). By jointly mapping vulnerabilities, coordinating investments, and scaling production in the European Union and in Ukraine, the Pact will reduce dependencies and strengthen shared value chains.

2.4 Integration of the Ukrainian defence industry. The European Commission and Ukraine intend to boost capacities and investment in the Ukrainian defence industry with a view to its full integration into the European Union defence industrial ecosystem. This may include dedicated support through technical assistance, capacity-building programmes, and targeted financing support enabling Ukrainian defence enterprises to understand, navigate, and progressively meet European Union regulatory, certification, and standardisation requirements, as well as support to the broader defence sector. Where Ukrainian defence industrial capacity is assessed as strategically critical to shared European Union and Ukraine security objectives, the European Commission and Ukraine will explore the introduction of **tailored regulatory accommodations or time-limited exemptions** enabling Ukrainian producers to compete on an equal footing with Member State industries during the transition period.

3. Financial Framework

To ensure its effectiveness, the Pact, would:

- a) use the UASL to incentivise strategically joint European Union and Ukraine defence industrial integration, including by joint assessment of options to set aside funding for procurement of critically needed capabilities for Ukraine's Defence Forces from European Union and Ukraine joint ventures within mutually agreed projects;
- b) benefit from additional resources, including budgetary means still available under SAFE, up to EUR 10 billion, subject to the finalisation of the loan agreements with the nineteen Member States having requested financial assistance, for the placement of long-term orders with the respective defence companies in the drone and missile areas;
- c) provide that companies benefiting from such contracts in the European Union and in Ukraine engage in joint production, enabling Member States and Ukraine to hold strategic stocks, with the necessary ramp-up of production capacities further supported through national investments, SAFE loans, as well as by Ukraine Support Instrument (USI, under EDIP) grants, with a possibility to explore ways of transfer up to EUR 1 billion from the UASL, provided if that does not undermine deliveries of critical capabilities of Ukrainian Defence Forces for countering Russian aggression;
- d) rely on mobilisation of additional private financing to further scale up funding for defence industrial cooperation projects, in particular joint ventures, creating a multiplier effect through combined public-private financing;
- e) favour the channelling of UASL funding towards Product Schedules prepared by Ukraine, in line with the provisions of the loan, providing visibility to EU and Ukrainian defence companies in the drone and missile areas;

- f) build on the UIF's growing focus on facilitating defence investment in dual-use sectors in Ukraine, including through joint European Union and Ukraine co-production ventures;
- g) support efforts to mobilise the European Peace Facility (EPF) to complement these programmes with agile and tailored support to specific mutually agreed projects, such as anti-ballistic systems, noting the proposal to mobilise the EUR 6.6 billion earmarked for Ukraine under the EPF, including EUR 1 billion to pre-finance joint procurement of new equipment, and the possibility of combining procurement with training activities, including through EUMAM Ukraine.

4. Arms Export and Transfer of Technologies

4.1 The European Commission and Ukraine recognise that the European Union and Ukrainian regimes on arms export and transfer of technologies are crucial element of successful industrial cooperation.

4.2 The European Commission and Ukraine welcome the arms export authorisation system set in motion by Ukraine in 2026, including the accelerated review procedure applicable to Drone Deal signatory States.

4.3 The Pact will facilitate further progress to provide European Union and Ukrainian investors and companies with sufficient predictability, in order to harvest the full benefits of the scaled-up industrial cooperation envisaged under the Pact.

5. Market Access and Regulatory Alignment

5.1 Mirroring the treatment of Ukrainian firms in European Union defence programmes (EDF, EDIP, SAFE), cooperation under the Pact will include reciprocal market access for European defence companies in Ukraine, enshrined, where applicable, within procurement legislation, enabling European Union companies to participate fully in tenders and to invest in Ukraine.

5.2 Coherent with Ukraine's advancing accession to the European Union, the Pact would be underpinned by market integration tools. Cooperation will be significantly enhanced through Ukraine's alignment with, and implementation of, the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA), together with initiatives to enhance defence procurement integrity and to strengthen the protection and transfer of intellectual property rights.

6. Implementation

Cooperation under this Letter of Intent will proceed through the following shared methodology, the milestones of which constitute the basis for the mobilisation of the instruments referred to in Section 3:

- a) the Commission will work with Member States to develop the Pact and its measures and to identify clusters of front-runners prepared to involve their national industry and to take additional SAFE loans;

- b) the Commission will in parallel launch a second expression of interest under SAFE;
- c) Ukraine will propose respective legislative measures to facilitate industrial cooperation, arms export, and the sharing of intellectual property rights;
- d) the Commission and Ukraine will cooperate to establish an “Export and Defence industrial cooperation knowledge hub”;
- e) The European Commission and Ukraine agree to work to conclude the Pact as soon as possible so that, the first concrete measures, including in the drone area, should be implemented by the end of 2026.

7. Final provisions

7.1 This Letter of Intent constitutes an expression of the political intentions of the European Commission and Ukraine to work towards an EU-Ukraine closer partnership in defence industrial matters. It does not create rights or obligations governed by international or domestic law.

7.2 Cooperation under this Letter of Intent will be implemented in accordance with the respective legal frameworks of the European Commission and Ukraine.

7.3 Any exchange of classified information in the context of cooperation under this Letter of Intent will be governed by the Agreement between the European Union and Ukraine on the security procedures for the exchange of classified information of 13 June 2005 and the arrangements concluded thereunder.

Signed in duplicate in Kyiv on 15 July 2026, in the English language.

For the European Commission

For Ukraine

**Ursula von der Leyen
President of the European
Commission**

**Volodymyr Zelenskyy
President of Ukraine**