

Consultation to contribute the Defence Omnibus Simplification Proposal

Fields marked with * are mandatory.

Introduction

Context

On 6 March 2025, the [European Council called on the Commission](#) “to swiftly take work forward on simplifying the legal and administrative framework, in particular for public procurement, industry cooperation, permitting and reporting requirements, in order to address all obstacles and bottlenecks hindering a rapid ramping up of the defence industry, including for SMEs and mid-caps. In this context, the European Council invites the Commission to prioritise a defence-specific simplification omnibus.”

The [White Paper for European Defence Readiness 2030](#) adopted by the Commission on 19 March 2025 envisages that the Commission will present a dedicated Defence Omnibus Simplification proposal by June 2025. In particular, it recalls that “regulatory simplification and harmonisation must focus both on rules and procedures that are specific to the defence sector, and on the impact on the defence industry of EU policies and regulations that are not defence-specific, but which impede the European defence technological and industrial base (EDTIB) from responding with maximum agility to the current heightened needs.”

In this perspective, the [Directorate-General for Defence Industry and Space](#) (DG DEFIS) is currently collecting data, evidence and suggestions from stakeholders (Member States, industry and others) with the aim of (i) removing regulatory barriers/discriminations (such as regulation/legal act/administrative procedure) which affect the European defence industry in EU-regulations and programmes, (ii) simplifying and accelerating procurement procedures for the European defence industry and to simplify and facilitate transfer of defence products in the Internal Market, as well as (iii) simplifying EU defence programmes, in particular the European Defence Fund (EDF).

Who should respond to this consultation?

It is addressed to defence industrial players and businesses with ties to the defence industry, Member States and other relevant stakeholders (such as the financial sector).

This consultation will close on 22 April 2025.

How should you respond to this consultation?

When responding to the questionnaire:

- Please make sure that you are addressing a well-identified problem; and that you link it to a specific existing provision of an EU text, always being mindful to be as concrete as possible (eg, refer to an exact provision).
- Please always elaborate why a certain issue is particular to the defence sector and provide specific examples.
- Please also provide, if possible, a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general.
- Please only respond to the questions which are relevant for you.

Other

Should you have a problem completing this questionnaire or if you require particular assistance, please contact:

DEFIS-SIMPLIFICATION@ec.europa.eu

I agree with the personal data protection provisions

[PROTECTION OF YOUR PERSONAL DATA.pdf](#)

General information about the respondent

* Name of organisation

500 character(s) maximum

Invest Europe

* Type of respondent

Business association

Please explain how the defence industry is relevant for you

Private equity (PE) and venture capital (VC) funds play a distinct role in financing innovation, accelerating growth, and improving governance in strategically important sectors. Invest Europe members are already and will keep investing in the defence sector.

Country

BE - Belgium

* Contact person

500 character(s) maximum

Chris Giapitzis Papandreou

Email contact person

500 character(s) maximum

Christos.Giapitzis.Papandreou@investeurope.eu

Questions

1. Are there, in your view, obstacles (legal/regulatory/administrative) **to establish new or expand/maintain existing defence industrial capacities** in the EU?

- Yes
- No
- I do not know
- This question is not relevant for me

a. What are the **main obstacles** for you/your organisation to achieve this objective? Please list those in order of priority.

5000 character(s) maximum

The European defence sector is strategically critical, yet private capital remains significantly underutilised. Private equity (PE) and venture capital (VC) funds play a distinct role in financing innovation, accelerating growth, and improving governance in strategically important sectors. Unlike passive investors, PE and VC firms take an active ownership approach—working closely with management teams to build long-term value. This makes them particularly sensitive to regulatory clarity, definitional consistency, and the stability of the investment environment. The key barriers currently limiting PE and VC engagement in defence include regulatory fragmentation, uncertainty around exit pathways (especially due to FDI and export controls), the lack of common definitions and ESG alignment for defence investments, and an underdeveloped public-private financing infrastructure to de-risk and scale capital deployment.

Among the concerns is the inconsistent application of Foreign Direct Investment (FDI) screening regimes across the EU. Recent changes to the FDI regimes, which are aimed at preventing foreign entities seeking operational control over critical assets, can drive non-EU investors away from the continent. The EU can redefine foreign investment rules to acknowledge characteristics of PE/VC fund structures – and ensure passive structures are not unduly covered by these rules. Investors in such funds are only investing in the capacity of the manager to make investments in relevant business – and are not in a position to lead the manager to make specific types of investments in specific businesses. Managers of qualified collective investment undertakings can therefore safely be excluded from scope.

Additionally, clarity around exit strategies is very much needed. Currently, defence-related transactions face significant uncertainty due to the diversity in scope, timelines, and thresholds of FDI rules between Member States. Even intra-EU deals are subject to scrutiny, with no central coordination or shared criteria to guide the process. This unpredictability increases the liquidity risk premium attached to defence investments, discouraging PE funds from engaging in the sector, particularly in cross-border contexts. The focus on FDI could have an impact on the type of exits PE firms seek. A potential screening mechanism on outbound investment would only make things further complicated, limiting European funds' ability to partner with or exit to third-country buyers of dual-use companies.

Another structural issue is the lack of harmonised or widely recognised definitions distinguishing between legitimate defence-related investments and those tied to controversial weapons or ethically problematic technologies. Because no EU-level taxonomy exists in this area, fund managers and their limited partners often adopt conservative exclusionary policies, leading to over-compliance and lost opportunities for financing dual-use or purely defensive capabilities.

The limited availability of public-private risk-sharing mechanisms tailored for defence is also a concern. While such instruments exist for sectors like cleantech or digital infrastructure—where the EU actively de-risks investment through guarantees or concessional capital—similar structures do not yet exist for defence. This places the entire financial burden and risk exposure on private investors, which is particularly problematic in high-capex or R&D-intensive defence projects.

b. For each of these obstacles that are **due to existing regulation/legal act/administrative procedure** please:

- Provide specific examples and explain which regulation/legal act/administrative procedure causes the obstacle for you/your organisation.
- Provide concrete proposals for changes that would solve the obstacle.
- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

Fragmented and unpredictable FDI screening regimes across Member States create substantial exit risk concerns for investors. Liquidity risk is a major deterrent, with inconsistent national security reviews incurring unexpected complications in defence asset sales. The lack of harmonisation in these procedures means that investors face significant uncertainty when planning exit strategies, particularly for cross-border transactions. This uncertainty discourages private equity managers from engaging in strategic sectors where resale to international buyers might be constrained by unpredictable national security considerations.

27 national FDI regimes create unnecessary complexity and uncertainty for investors. If full harmonisation is not feasible, further aligning rules, processes, timelines, and documentation across Member States would enhance transparency, reduce administrative burdens, and support the functioning of cross-border investment ecosystems. Creating a Centralised Screening System for FDI to mitigate the inefficiencies and costs stemming from divergences in scope, requirements, timelines, and effects could also facilitate the exchange of confidential and sensitive information between the Commission and MS (pertinent to question 8).

Such barriers are most evident in emerging technologies with dual-use applications. Companies developing quantum computing, advanced materials, AI systems, and cyber technologies face particular uncertainty about how their defence applications will be treated under various regulatory frameworks. Addressing these barriers requires not just sector-specific interventions but horizontal regulatory approaches that recognise defence as a legitimate and necessary component of European industrial strategy and security architecture.

Additionally, the absence of clear guidance or exemptions for intra-EU investments involving defence companies results in unnecessary delays or deal abandonments. There is also no standardised mechanism to assess defence investment risk at the EU level, unlike tools developed for other strategic sectors (e.g., TEN-E for energy infrastructure or the Innovation Fund for climate). As a result, investors often face uncertainty over how long the review will take, and what political or economic factors might influence the outcome.

A harmonised FDI framework for defence that includes common definitions, transparent criteria for national screening, and a centralised database of previous decisions to guide future transactions would address these issues. Such harmonisation would reduce the uncertainty premium and facilitate more predictable capital flows.

c. For each of these obstacles that are caused **by a lack of EU legislation**, please:

- Explain with examples the obstacle/problem that you/your organisation faces.
- Provide concrete proposals to solve the obstacle.
- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

The absence of common EU-wide definitions for defence investment creates confusion among investors, but also regulators. Without shared understanding of what constitutes acceptable versus controversial defence activities, investors apply unnecessarily broad exclusions to minimise perceived risks. The sector needs to be more precisely defined and to separate controversial weapons from legitimate defence-related investments. The EU could develop a taxonomy for defence investments that clearly differentiates legitimate defence technologies from controversial weapons, providing investors with clear guidance on permissible investment categories.

Furthermore, there is an insufficient framework for public-private risk-sharing in the defence sector, unlike other strategic sectors (e.g., clean technology, digital infrastructure). Defence has become a high tech sector which requires, similarly to deep-tech financing, long periods of investments before enterprises become profitable – this is the type of sector where coordination of the public sector and long-term investors such as a private equity is crucial. Public guarantees, risk-sharing instruments, and co-investment could enable investment within existing constraints. The EU should create dedicated guarantee schemes and co-investment vehicles through the European Investment Bank Group (EIB/EIF) that could provide first-loss protection or anchor investments in defence-focused funds, particularly for dual-use technologies. Public institutions playing this catalytic role could significantly increase private capital mobilisation by validating the investment thesis and mitigating early-stage risks.

One major legislative gap is the absence of a defence investment taxonomy or classification framework. This vacuum leaves investors, financial institutions, and regulators to interpret risk and acceptability on a case-by-case basis, often leading to over-exclusion of legitimate, EU-aligned defence companies from investment portfolios. A sector-specific framework could provide a structured categorisation that distinguishes between core defence, dual-use, and controversial weapon systems. This would give investors a clearer understanding of where capital can be deployed responsibly.

There is also no comprehensive public financing vehicle at EU level dedicated to de-risking defence investment. While the EIB and EIF have begun to adjust their eligibility criteria, these changes remain incremental and often constrained by internal policy guidelines or reputational concerns. In contrast, sectors such as cleantech, health innovation, and digital infrastructure benefit from layered financing tools that blend public and private capital.

The Commission should work with the EIB Group to develop dedicated defence financing instruments, such as a guarantee facility or fund-of-funds mechanism, focused on dual-use and strategically relevant technologies. These instruments could provide first-loss capital or anchor investments in private funds targeting the sector, unlocking significant follow-on private financing.

d. Is there something else you would like to add?

5000 character(s) maximum

Defence should not be treated as an exceptional sector to be navigated with hesitation but as a foundational component of European sovereignty. PE/VC is already integral to scaling complex technologies and bridging commercialisation gaps in other strategic sectors. With the right regulatory, financial, and political alignment, the same potential exists in defence. Without reform, however, the EU risks perpetuating a model in which its defence capabilities are structurally undercapitalised and reliant on external actors for innovation and scaling. This is not compatible with long-term strategic autonomy.

Continued ambiguity in the treatment of defence-related investment—whether under FDI, export, or financial regulations—creates an ecosystem where investors must spend more time managing political risk than pursuing innovation. In parallel with streamlining programme participation and aligning public capital, the EU must provide legal and regulatory certainty that defence investment is not only permitted but essential.

Defence is a critical driver of innovation, particularly through the development of dual-use technologies with both civilian and military applications. Strengthening the connection between innovation and strategic autonomy is essential to Europe's long-term security and competitiveness. To achieve this, the EU must continue advancing toward a deeper and more integrated capital market—one capable of supporting economic resilience, reducing reliance on bank-based financing, and mobilising sufficient capital to meet strategic priorities. A more robust capital market would facilitate long-term investment in areas such as the energy transition, digital infrastructure, and increasingly, defence capabilities, helping Europe navigate global uncertainty while consolidating its economic influence.

2. Do you/your organisation face specific obstacles (legal/regulatory/administrative or other) **to enable rapid grant of construction and environmental permits for defence industrial projects?**

- Yes
- No
- I do not know
- This question is not relevant for me

3. Do you/your organisation face specific obstacles (legal/regulatory/administrative or other) **to ensure the timely and lawful availability and usability of necessary essential materials / inputs in the supply chains of the European defence industrial base (“EDTIB”)**, for which adequate substitutes are not available (eg, raw materials, components and substances)?

- Yes
- No
- I do not know
- This question is not relevant for me

4. Are there, in your view, obstacles (legal/regulatory/administrative or other) to the **availability of personnel?**

- Yes
- No
- I do not know
- This question is not relevant for me

5. Are there, in your view obstacles (legal/regulatory/administrative or other) related to **access to finance, including Environmental, Social and Governance (“ESG”) investment?**

- Yes
- No
- I do not know
- This question is not relevant for me

a. What are the **main obstacles** for you/your organisation to achieve this objective? Please list those in order of priority.

5000 character(s) maximum

Access to finance for defence-related investments is significantly constrained by the way current Environmental, Social and Governance (ESG) frameworks are interpreted and applied within the EU regulatory landscape, despite the fact that the current scope only regards controversial weapons. From the perspective of fund managers and institutional investors, there is a persistent lack of regulatory clarity on how defence activities—particularly those aligned with European values and strategic objectives—should be classified under the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation.

The existing regulatory framework creates significant barriers to defence investment. Fund managers operating under SFDR face uncertainty about how defence investments align with sustainability objectives, leading many to exclude the sector entirely rather than navigate complex compliance questions.

While the SFDR Delegated Regulation focuses on Principal Adverse Impact (PAI) indicators and distinguishes controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons) from other weapons, the term remains open to interpretation by financial market participants (i.e., on the inclusion of nuclear weapons). This often results in inconsistent application and over-compliance. Research suggests that although the Commission has publicly stated ESG legislation does not hinder defence investment, many Article 8 and 9 funds, which are required to demonstrate sustainability characteristics, also exclude defence investments altogether due to fears of breaching Do No Significant Harm (DNSH) criteria or being perceived as incompatible with ESG goals.

The Taxonomy is also largely environmentally focused and comparatively underdeveloped in its social dimension—yet security and territorial integrity are fundamental to social sustainability. Acknowledging this would create space for defence to be understood not as an exception to ESG norms.

In addition to the existing regulatory ambiguity, internal ESG strategies lead to institutional investors applying blanket exclusionary policies. The result is a market environment where security-focused investment is stigmatised rather than supported—despite the fact that defence is instrumental to Europe's peace, democratic values, and strategic autonomy.

b. For each of these obstacles that are **due to existing regulation/legal act/administrative procedure** please:

- Provide specific examples and explain which regulation/legal act/administrative procedure causes the obstacle for you/your organisation.
- Provide concrete proposals for changes that would solve the obstacle.

- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

The SFDR's current implementation creates an artificial barrier for defence investments through its PAI indicators. Research suggest that due to the current uncertainty related to the defence sector funds steer towards Article 6 to ensure compliance, consequently limiting the attractiveness of portfolio companies.

The EU Taxonomy Regulation similarly lacks clear guidance on how defence investments should be evaluated within the DNSH principle. This regulatory gap creates inconsistent interpretations, leading to excessive risk aversion regarding defence investments.

In its upcoming SFDR revision, the Commission should provide clearer guidance on the definition of “controversial weapons” under the SFDR PAI indicators, potentially revisiting existing exclusions. The scope and definitions included in the regulations should recognise that defence technologies contribute to Europe’s strategic autonomy, and better aim to not unintentionally constrain investments in such an important industry.. Revisions to SFDR should also be mirrored in the EU Taxonomy, ESMA naming guidelines, and the EU Climate Transition Benchmarks (CTB), and vice versa, to ensure these frameworks maintain consistency.

c. For each of these obstacles that are caused **by a lack of EU legislation**, please:

- Explain with examples the obstacle/problem that you/your organisation faces.
- Provide concrete proposals to solve the obstacle.
- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

Unlike other strategic sectors, defence lacks clear parameters for how investments should be evaluated within the EU sustainability regulatory frameworks.

The Commission should consider integrating legitimate defence activities within broader European sustainability frameworks (i.e., the EU Taxonomy)There is no regulatory framework that reconciles European security policy objectives with sustainable finance regulations. This disconnect creates artificial barriers to financing strategically important defence capabilities. The Commission should establish a coherent regulatory approach that aligns security policy priorities with sustainable finance objectives, ensuring that critical defence technologies can access appropriate financing while maintaining robust ethical, governance, social, and environmental standards.

A shift in regulatory narrative is needed: the defence industry should no longer be evaluated solely through the lens of potential harm, but through its strategic role in sustaining peace, territorial integrity, and long-term prosperity.

d. Is there something else you would like to add?

5000 character(s) maximum

6. Do you/your organisation face obstacles (legal/regulatory/administrative or other) related to the effectiveness and efficiency of **defence procurement rules and procedures** that slow down defence procurement process, introduce excessive complexity or administrative costs, limit unduly the access to defence procurement procedures etc.?

- Yes
 - No
 - I do not know
 - This question is not relevant for me
-

7. Do you/your organisation face obstacles (legal/regulatory/administrative or other) related to the **effectiveness and efficiency of intra-EU transfers of defence-related products** and the control of those transfers that unduly slow down transfers, introduce excessive complexity or administrative costs, limit the possibilities for effective cross-border collaboration or the access to cross border defence procurement procedures.

- Yes
 - No
 - I do not know
 - This question is not relevant for me
-

8. Do you/your organisation face obstacles (legal/regulatory/administrative or other) for the **exchange of confidential and sensitive information** with the European Commission, national authorities in ensuring simple and secure handling of such information?

- Yes
- No
- I do not know
- This question is not relevant for me

a. What are the **main obstacles** for you/your organisation to achieve this objective? Please list those in order of priority.

5000 character(s) maximum

Issues related to the secure and effective exchange of sensitive information do present occasional barriers to market participation. Access to classified information requires security clearance and, further, classified information may only be shared on a "need to know" basis. The process of obtaining a security clearance is lengthy and does not align with a typical M&A process. Accordingly, as the seller may only share classified information with persons who have obtained such security clearance and as the buyer often does not have such clearance - and will not be able to obtain it during the typical due diligence period - the buyer will not be able to review any such information as part of the buyer's due diligence. In addition, if the target company has entered into contracts with governmental entities in various jurisdictions, several security clearances and /or licenses may be needed for a buyer to review the relevant documents as part of the due diligence process.

b. For each of these obstacles that are **due to existing regulation/legal act/administrative procedure** please:

- Provide specific examples and explain which regulation/legal act/administrative procedure causes the obstacle for you/your organisation.
- Provide concrete proposals for changes that would solve the obstacle.
- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

The absence of harmonised confidentiality protocols across Member States introduces inconsistency in how commercially sensitive information is handled. Fund managers have reported varying practices regarding the protection of data such as portfolio composition, investor identity, and intended deal structures. This results in hesitancy, delays, or withdrawal from processes that would otherwise support investment into the European defence base. Invest Europe encourages the European Commission to work with Member States to develop a standardised framework for confidential data handling in the context of defence-related funding engagement (but also FDI screening). This could include secure digital submission tools, harmonised confidentiality agreements, and clear legal protections against onward disclosure of investor information. Clarifying the division between sensitive but non-strategic investor information and data subject to national security protections would improve both transparency and investor trust.

One potential solution to address the challenge of securely exchanging commercially sensitive but non-classified information would be to build on the infrastructure of the European Single Access Point (ESAP) or to develop a parallel secure system tailored to defence-related financial and investment data. While ESAP is currently designed to centralise public disclosures relating to financial and sustainability reporting, a complementary mechanism could serve as a trusted digital interface between institutional investors, national authorities, and EU institutions for sensitive transactions in the defence and dual-use sectors.

Such a platform would allow for encrypted data transmission, tiered access rights based on user roles and relevant clearance, and harmonised document handling procedures. It would offer both investors and public authorities a reliable and efficient way to manage sensitive submissions across multiple jurisdictions, while also ensuring transparency and accountability. Although this would not solve access constraints related to classified material—an issue governed by national security protocols—it would substantially reduce friction around the handling of sensitive but non-classified information, such as deal structures, fund documentation, and investor identity, particularly during due diligence and FDI screening processes.

c. For each of these obstacles that are caused **by a lack of EU legislation**, please:

- Explain with examples the obstacle/problem that you/your organisation faces.
- Provide concrete proposals to solve the obstacle.
- If possible, provide a cost estimate of the magnitude of possible cost savings for your entity and for the sector in general that would arise from your proposal.

5000 character(s) maximum

d. Is there something else you would like to add?

5000 character(s) maximum

9. Are there, in your view, issues stemming from the **insufficient cross certification of defence products and lack of mutual recognition of certification** and how could these issues be addressed?

- Yes
- No
- I do not know
- This question is not relevant for me

10. Is there, in your view, a **need to streamline EU defence industrial programmes** (such as [European Defence Fund](#), [EDIRPA](#), [ASAP](#)) to reduce delivery time, simplify procedures and the treatment of Member States' co-funding?

- Yes
- No
- I do not know
- This question is not relevant for me

a. Please explain the area(s) for improvement, in order of priority.

5000 character(s) maximum

EU defence programmes, particularly the European Defence Fund (EDF), EDIRPA, and ASAP, are structured around application procedures and eligibility rules that are fundamentally misaligned with the investment strategies and governance models of private capital providers. Long and documentation-heavy applications, consortium-based eligibility, inflexible co-funding rules, and incompatible IP-sharing frameworks all act as deterrents. They require significant regulatory and procedural streamlining to effectively engage with private capital providers:

1. Excessive administrative requirements in European Defence Fund (EDF) application procedures that create disproportionate barriers for venture-backed companies;
2. Rigid governance structures that conflict with standard PE/VC investment models;
3. Intellectual property frameworks that fail to adequately protect proprietary technology while enabling necessary collaboration;
4. Inflexible co-funding models that do not accommodate private investment structures;
5. Fragmented programme administration creating unnecessary regulatory complexity.

b. For each of these areas, please:

- Explain which regulation provision/administrative procedure is the main problem for you/your organisation and provide specific examples.
- Provide concrete proposals for changes that would solve the issue.

5000 character(s) maximum

The EDF's current regulatory framework imposes excessive administrative requirements that disproportionately disadvantage smaller, innovative companies and their investors. Application procedures require extensive documentation, complex consortium structures, and lengthy evaluation periods that create fundamental misalignment with private investment decision cycles. The Commission should implement differentiated application tracks with simplified documentation requirements and accelerated review processes for venture-backed companies that have already undergone rigorous private market due diligence.

The governance structures mandated by current EU defence programmes often conflict directly with standard PE/VC governance models. Specifically, regulations requiring particular management structures, lengthy consensus-building mechanisms, and inflexible reporting frameworks create significant operational friction for privately-backed companies. These requirements should be simplified to accommodate standard market governance practices while maintaining necessary oversight and accountability.

Current IP frameworks within EU defence programmes create unnecessary barriers to participation for companies with existing proprietary technology. The rigid IP sharing requirements often conflict with the value preservation strategies essential for private investors. The Commission should create more flexible IP models that protect pre-existing intellectual property while enabling appropriate collaboration and knowledge sharing for programme-funded developments.

Co-funding requirements in existing programmes lack the flexibility needed to accommodate standard private investment structures. The current regulations fail to effectively recognise and integrate private capital as a legitimate co-funding source, creating artificial barriers to public-private collaboration. The Commission should develop specific provisions that explicitly recognise and PE investments as complementary funding sources within existing programme structures and not overly depend on debt financing.

11. Is there, in your view, a need to **simplify or modify other EU-funded programmes** (such as Horizon Europe, Structural funds, InvestEU or other) in order to improve the access and or usefulness of funding under these programmes for the defence industry?

- Yes
- No
- I do not know
- This question is not relevant for me

a. Explain which programme or related legislation needed to be simplified or modified. Please also provide specific examples.

5000 character(s) maximum

Both InvestEU and Horizon Europe are critical to supporting innovation in the EU but currently fall short in enabling private capital to finance defence-related R&D and industrial scaling. InvestEU lacks tailored products for defence and dual-use technologies, while Horizon Europe's structural division between civil and defence R&D creates avoidable friction for dual-use applications.

The InvestEU regulation requires significant modification to enable more effective support for defence and dual-use investments. Currently, the investment guidelines and implementation frameworks do not adequately accommodate defence technologies, particularly in the EIF's deployment mechanisms. While the regulation theoretically permits investment in dual-use technologies, practical implementation barriers and internal interpretations significantly constrain actual capital deployment to defence-related companies.

The specific limitations include insufficient priority given to defence technologies in investment guidelines, absence of defence-specific financial products, and risk assessment frameworks that fail to appropriately evaluate defence market characteristics. These constraints limit the potential catalytic role that InvestEU could play in mobilising private capital for European strategic autonomy.

Horizon Europe's legal framework creates artificial barriers between civilian innovation funding and defence-specific initiatives. The regulation maintains unnecessary separation between civilian research programmes and security/defence applications, limiting effective technology transfer. Specifically, the programme structure and implementing provisions create administrative and legal barriers to the development of dual-use technologies across both civilian and defence domains.

Additionally, the EIB Group's policy framework restricts engagement with defence investments despite their strategic importance to European security objectives. The current interpretation of the EIB mandate, despite the dual-use recognition and the recent expansion of eligibility criteria, creates significant constraints on its ability to support defence industrial development through both direct investment and guarantee instruments, creating a substantial gap in the European innovation financing architecture.

b. Provide concrete proposals for changes that would solve the issues.

5000 character(s) maximum

The InvestEU regulation should be amended to explicitly include defence as a strategic investment priority within its investment guidelines. This amendment should specifically recognise defence technologies tied to European capability gaps as priority investment areas eligible for dedicated financial support. The current regulation should be modified to explicitly mandate the development of defence-specific financial products, including first-loss guarantees, co-investment funds, and fund-of-funds approaches designed to address the unique characteristics of defence technology investments.

The Commission should issue specific implementation guidance that clarifies how defence investments align with InvestEU policy objectives and provides clear parameters for defence investment eligibility. This guidance should establish specific risk assessment frameworks that appropriately evaluate defence market characteristics while maintaining necessary ethical standards.

For Horizon Europe, the regulation should be amended to remove artificial barriers between civilian and defence applications. Specific provisions should be added to create dedicated dual-use development tracks that enable technologies to be simultaneously developed for both civilian and defence applications without administrative separation. The programme structure should establish specific funding windows for dual-use technologies with explicit defence applications to streamline innovation across both domains.

The Commission should also issue guidance to clarify how the EIB Group's and particularly EIF's mandate can and should support strategic defence investments. This guidance should specifically address how defence investments supporting European security objectives align with the EIB/EIF's broader mission and establish clear parameters for engagement with the defence sector through both direct financing and guarantee instruments.

12. Is there **anything else** that can be done to simplify the EU regulatory environment and harmonise rules for you/your organisation and the defence industry overall?

- Yes
- No
- I do not know
- This question is not relevant for me

a. Explain which provision/administrative procedure creates the problem for you/your organisation and provide specific examples.

5000 character(s) maximum

b. Provide concrete proposals for changes that would solve the issue.

5000 character(s) maximum

Achieving scale in next-generation, high-innovation defence sectors

In frontier areas like long-range weapons systems, mass surveillance platforms, or additive manufacturing for military-grade parts, sectors often fragmented across small, under-capitalised firms, the EU could create regulatory and financial incentives for consolidation.

European PE/VC could play a catalytic role in rolling up these firms, unlocking both scale and innovation capacity. Support mechanisms might include:

- Fast-track regulatory clearance for qualifying transactions
- Co-investment capital from EU bodies focused on defence innovation
- Post-acquisition R&D grants or tax incentives to accelerate integration and production readiness

This approach would not only build more competitive and scalable European platforms, but also encourage more private capital participation in priority areas of defence innovation.

13. Please **upload** a supporting document in relation to this consultation (optional).

Contact

[Contact Form](#)