

Act in Support of Ammunition Production

2023/0140(COD) - 13/07/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 505 votes to 56, with 21 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on establishing the Act in Support of Ammunition Production.

As a reminder, the Act in Support of Ammunition Production (ASAP) aims to speed up the delivery of ammunition and missiles to Ukraine and to help Member States replenish their reserves.

By introducing targeted measures, including **EUR 500 million** in funding for the period from the date of entry into force of the Regulation to 30 June 2025, ASAP aims to increase the EU's production capacity to address the current shortage of defence products, in particular artillery ammunition, missiles and their components. It will support the supply of ammunition from Member States' existing stockpiles and the joint acquisition of ammunition.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Objectives of the Instrument

The objective of the Instrument is to foster the efficiency and competitiveness of the European Defence Technological and Industrial Base (EDTIB) to support the ramp-up of the production capacity and timely delivery of relevant defence products through industrial reinforcement.

The industrial reinforcement consists of initiating and speeding up the adjustment of industry to the rapid structural changes imposed by the supply crisis affecting the relevant defence products which are necessary for the **swift replenishment of the ammunition and missile stocks of the Member States and of Ukraine**.

Financing rate

The Instrument should finance up to **35 %** of the eligible costs of an eligible action related to the production capacities of relevant defence products, and up to **40 %** of the eligible costs of an eligible action related to the production capacities of components and raw materials insofar as they are intended or used wholly for the production of relevant defence products.

By way of derogation, an action should be eligible for an **increased funding rate of 10 additional percentage points** where the beneficiary is an SME or mid-cap established in a Member State or in an associated country or where the majority of beneficiaries participating in a consortium are SMEs or mid-caps established in Member States or in associated countries.

Eligible entities

Recipients involved in an action supported under the Instrument should be entities, whether public or privately owned, which are **established and have their executive management structures in the Union or in an associated country**. Those recipients should either not be subject to control by a non-associated third country or by a non-associated third country entity or, alternatively, they should have been subject to screening within the meaning of Regulation (EU) 2019/452 and, where necessary, to mitigation measures.

The **guarantees** should ensure that the involvement of such an undertaking in an action would not contravene the security and defence interests of the Union and its Member States as established in the framework of the common foreign and security policy or the objectives set out in this Regulation.

Infrastructure, facilities, assets and resources of the recipients involved in an action supported under the Instrument should be **located on the territory of a Member State or of an associated country** for the entire duration of the action.

The Instrument should not financially support the ramp-up of production capacities for relevant defence products that are subject to a restriction by a non-associated third country or a non-associated third country entity that limits the Member States' ability to use those relevant defence products. The recipient should aim to ensure that the action funded by the Instrument will allow for the delivery of outputs to Ukraine.

In a **joint statement**, the European Parliament and of the Council stressed the need to consider all appropriate measures to **strengthen and develop the EDTIB**, including small and medium-sized enterprises, and to remove obstacles and bottlenecks so as to allow the industry to produce more along the value chains.

The European Parliament and the Council therefore call on the Commission to consider, as appropriate, putting forward as soon as possible **any further initiatives** necessary to strengthen the EDTIB, including adequate financing, for instance in the context of the European Defence Investment Programme, as well as a legal framework aimed at ensuring security of supply and supporting ammunition production.

The European Parliament and the Council agree to examine any such initiatives without delay and in a spirit of mutual sincere cooperation.