

Act in Support of Ammunition Production

2023/0140(COD) - 24/07/2023 - Final act

PURPOSE: to address the security repercussions of the crisis by boosting the production of ammunition and missiles in the EU.

LEGISLATIVE ACT: Regulation (EU) 2023/1525 of the European Parliament and of the Council on supporting ammunition production (ASAP).

CONTENT: Russia's military aggression against Ukraine has put the European defence industry and the European defence equipment market to the test and exposed certain flaws that undermine the ability of this industry and this market to respond in a safe and timely manner to the urgent needs of Member States for defence products and systems, such as ammunition and missiles.

This Regulation establishes a set of measures and lay down a budget aimed at urgently strengthening the responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of ground-to-ground and artillery ammunition as well as missiles, in particular through the following:

- an **instrument** financially supporting industrial reinforcement for the production of the relevant defence products in the Union, including through the supply of their components;
- the establishment of **mechanisms**, principles, and temporary rules to secure the timely and lasting availability of the relevant defence products to their acquirers in the Union.

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 shall in particular consist 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.

Budget

The Regulation will urgently mobilise **EUR 500 million** from the EU budget (in current prices) for the period 25 July 2023 to 30 June 2025 to support the ramp-up of the manufacturing capacities for the production of ground-to-ground and artillery ammunition as well as missiles.

Such financial support will be provided in the form of **grants** to various types of actions contributing to the efforts of the European defence industry to increase their production capacities, and tackle identified bottlenecks.

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.

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 shall have been subject to screening.

Ramp-up fund

The new rules will facilitate access to finance for EU companies in the ammunition and missile field, potentially through the so-called ramp-up fund'. This fund is intended to make it easier for companies manufacturing ammunition and missiles across the value chain to access both public and private financing, to speed up investments needed to increase manufacturing capacities.

Within the financial envelope set for the instrument, up to **EUR 50 million** may be used as a blending operation under the ramp-up fund.

Evaluation

By 30 June 2024, the Commission will draw up a report evaluating the implementation of the measures set out in this Regulation and their results, as well as the opportunity to extend their applicability and provide for their funding, particularly with regard to the evolution of the security context.

ENTRY INTO FORCE: 25.7.2023.

APPLICATION: until 30.6.2025.