

Incentivising defence-related investments in the EU budget to implement the ReArm Europe Plan

2025/0103(COD) - 16/12/2025 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 519 votes to 119, with 25 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2021/694, (EU) 2021/695, (EU) 2021/697, (EU) 2021/1153, (EU) 2023/1525 and 2024/795, as regards incentivising defence-related investments in the EU budget to implement the ReArm Europe Plan.

The proposal aims to boost defence-related investments within the EU budget, enabling the Union to strengthen European defence readiness by 2030 and implement the ReArm Europe plan. Key EU funding programmes are therefore being modified to facilitate spending on defence projects.

The position adopted by the European Parliament at first reading amends the proposal as follows:

Programme for a digital Europe

The programme will support and accelerate **dual-use projects, services, competences and applications** that strengthen societal resilience and will aim, *inter alia*, to:

- improve resilience against **cyber and hybrid threats** against critical digital infrastructure and cyberattacks;
- enhance **cooperation between the civil and defence spheres** with regard to dual-use projects, services, competences and applications in cybersecurity, including the development of cybersecurity technologies tailored to defence-related infrastructure.

Actions undertaken under Specific Objective 3 (Cybersecurity) will be implemented primarily through the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres.

For calls for proposals intended to support dual-use technologies, services, competences or applications, the trans-European dimension of the project.

Support for dual-use research within the framework of Horizon Europe

The amended text introduces targeted changes to the Horizon Europe framework programme to enable controlled support for dual-use research, particularly through the European Innovation Council (EIC) Accelerator. By way of exception, the Horizon Europe programme should support civilian applications with military potential (dual use), while advancing civilian application use.

The beneficiary of the Accelerator should be a legal entity qualifying as a **start-up, an SME or, in exceptional cases, as a small mid-cap** intending to scale up, established in a Member State or in an associated country.

With regard to support for innovation in **critical defence technologies**, participation will be limited to legal entities established in the European Union, Ukraine, or an EEA member state associated with

Horizon Europe. Legal entities directly or indirectly controlled by a third country other than Ukraine or an EEA member state associated with Horizon Europe, or by legal entities from such a third country, will be excluded from participation.

European Defence Fund

The Fund will be open to **participation from Ukraine** and members of the European Free Trade Association that are members of the European Economic Area. It will support actions that promote the development of disruptive defence technologies.

An action that has received a contribution from another Union programme may also receive a contribution under the Fund, provided that the contributions do not cover the same costs.

Connecting Europe Facility (CEF)

According to the amended text, the general objectives of the CEF are to build, modernise and make resilient trans-European networks in the transport, energy and digital sectors and to facilitate cross-border cooperation in the field of renewable energies, taking into account long-term decarbonisation commitments, and above all ensuring to facilitate synergies between the transport, energy and digital sectors.

In the **digital sector**, actions will aim to contribute to the development of projects of common interest relating to the deployment of very high capacity networks meeting safety and security requirements and access to these networks, including 5G systems, the establishment and deployment of digital capacities such as cloud computing, AI, AI factories and AI gigafactories, and the strengthening of the resilience and capacities of digital backbone networks in the Union territories by linking them to neighbouring territories, as well as the digitalisation of transport and energy networks.

Specific activities within an action may include, where relevant, measures to safeguard the infrastructure for civilian-defence dual use with regard to **military counter-mobility** or to provide **fuel infrastructure** for civilian-defence dual use transport activities.

Subject to the transfer of the necessary resources to the CEF in the context of the mid-term review of programmes in accordance with the regulations on the ERDF and the Cohesion Fund, (i) co-financing rates may be increased by 10 percentage points above the co-financing rate; (ii) actions will be eligible for pre-financing representing at least **20%** of the amount allocated in the grant agreement.

Strategic Technologies for Europe (STEP) Platform

‘Defence technologies’ are added as a fourth strategic sector within the STEP Platform. It is specified that technologies are considered critical when they contribute to reducing or preventing the Union's strategic dependencies and vulnerabilities. By 2 May 2024, the Commission should issue guidance on how the technologies in the sectors covered by the regulation can be considered critical.

The actions supported by the Union programmes concerned could duly take into account the relevant activities carried out by the North Atlantic Treaty Organisation (NATO) and other partners where such activities serve the Union's security and defence interests.