



EU DEFENCE READINESS OMNIBUS

Funding Flexibility and New Opportunities



On 17 June 2025, the European Commission presented the Defence Readiness Omnibus – a comprehensive legislative package aimed at reshaping the Union’s defence investment framework. Building on the ReArm Europe Plan and the White Paper on European Defence Readiness 2030, the Omnibus seeks to mobilise up to EUR 800 billion in defence investments over the next four years.

The initiative responds to Europe’s urgent need to enhance its deterrence and defence capabilities amid a rapidly deteriorating security environment. While the Omnibus introduces a wide range of simplifications, this newsletter focuses on one central aspect: the relaxation of restrictions on State aid and access to EU funding. These changes mark a turning point for Europe’s defence industrial base and create new opportunities for both established players and new entrants.



Facilitating Access to Funding

A cornerstone of the Omnibus is the expansion of access to EU funding, particularly under the *European Defence Fund (EDF)* and *InvestEU*. The Commission proposes to simplify EDF procedures by reducing award criteria, streamlining grant processes, and shortening time-to-funding. This is expected to accelerate the development of disruptive technologies and foster greater SME participation.

Equally important, the Omnibus adapts the eligibility criteria for defence investments under *InvestEU*, allowing debt and equity financing tailored to the sector's specific needs. This clarification, coupled with guidance on the Sustainable Finance Framework, provides much-needed legal certainty to investors. The Commission also confirms that only weapons prohibited under international conventions are excluded from EU sustainable finance indices.

In parallel, the Omnibus underlines that State aid for defence products and services can, in principle, be justified under Article 346 TFEU, provided it safeguards essential security interests. Member States may thus deploy national funding more flexibly without triggering lengthy notification procedures.



Procurement and Transfers

The Omnibus also addresses long-standing bottlenecks in defence procurement. The threshold for application of the Defence Procurement Directive is raised from EUR 443,000 to EUR 900,000, exempting a significant number of smaller contracts from the Directive's scope. This is expected to ease administrative burdens and benefit SMEs engaged in smaller transactions.

Further, intra-EU transfers of defence-related products will be simplified. The Commission encourages wider use of *General Transfer Licences* and proposes to reduce or remove re-export restrictions for components integrated into final products in another Member State. These measures aim to facilitate EDF project implementation and strengthen cross-border supply chains.



Other Simplifications

Beyond funding and procurement, the Omnibus introduces:

- **Fast-track permitting** for defence industrial projects, with two-month approval windows and single points of contact in Member States.
- **Clarifications in environmental and chemicals legislation**, allowing Member States to apply existing derogations more confidently in the interest of defence readiness.
- **Labour and skills measures**, supporting training and mobility in the defence workforce to meet the sector's growing demand.



Key Takeaways

- Up to EUR 800 billion in defence investments expected over four years.
- Simplified access to EU funding under *EDF* and *InvestEU*.
- Broader possibilities for national State aid under Article 346 TFEU.
- Procurement thresholds raised to ease SME participation.
- Simplified intra-EU transfers of defence-related products.
- Fast-track permitting and streamlined regulatory processes for defence projects.



Our Comments

The *Defence Readiness Omnibus* represents a paradigm shift in the EU's approach to defence industrial policy. The relaxation of rules on State aid and access to EU funding is likely to make it significantly more attractive for companies to develop and market defence products and for investors to allocate capital to the sector.

National State aid schemes and EU funding opportunities – including under the *EDF*, *InvestEU*, *STEP* and related instruments – will play a pivotal role in the coming years. Companies should, however, remain attentive to the detailed eligibility and compliance requirements that accompany such support.

Moalem Weitemeyer expects the Omnibus to accelerate consolidation, innovation, and investment in the European defence sector. We will closely monitor the legislative process as the proposals progress through the European Parliament and the Council and will provide further updates once the framework is enacted.

Contacts



Thomas Mygind

Partner

thomas.mygind@moalemweitemeyer.com



Jacob Kreutzmann

Associate

jacob.kreutzmann@moalemweitemeyer.com



Jonas Miller

Associate

jonas.miller@moalemweitemeyer.com