








Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2023/0140(COD) Procedure completed
Act in Support of Ammunition Production	
Subject 3.40.09 Defence and arms industry	

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	<p>ITRE Industry, Research and Energy</p>	<p>Shadow rapporteur</p> <p> BUZEK Jerzy</p> <p> ZORRINHO Carlos</p> <p> RIQUET Dominique</p> <p> NIINISTÖ Ville</p> <p> BORCHIA Paolo</p> <p> KRASNODEBSKI Zdzisław</p> <p> BOTENGA Marc</p>		
Council of the European Union European Economic and Social Committee	Committee for opinion	Rapporteur for opinion	Appointed	
	<p>AFET Foreign Affairs</p> <p>IMCO Internal Market and Consumer Protection</p> <p>BUDG Budgets</p>			
				The committee decided not to give an opinion.

Key events			
03/05/2023	Legislative proposal published	COM(2023)0237	Summary
08/05/2023	Committee referral announced in Parliament, 1st reading		

09/05/2023	Decision by committee, without report		
01/06/2023	Decision by Parliament, 1st reading	T9-0208/2023	Summary
01/06/2023	Matter referred back to the committee responsible		
09/07/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE751.687 GEDA/A/(2023)004390	
13/07/2023	Decision by Parliament, 1st reading	T9-0291/2023	Summary
20/07/2023	Act adopted by Council after Parliament's 1st reading		
20/07/2023	Final act signed		
24/07/2023	Final act published in Official Journal		

Technical information	
Procedure reference	2023/0140(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 163; Treaty on the Functioning of the EU TFEU 114; Treaty on the Functioning of the EU TFEU 173-p3
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/9/11952

Documentation gateway					
Legislative proposal		COM(2023)0237	03/05/2023	EC	Summary
Text adopted by Parliament, partial vote at 1st reading/single reading		T9-0208/2023	01/06/2023	EP	Summary
Economic and Social Committee: opinion, report		CES2425/2023	14/06/2023	ESC	
Coreper letter confirming interinstitutional agreement		GEDA/A/(2023)004390	07/07/2023	CSL	
Text agreed during interinstitutional negotiations		PE751.687	07/07/2023	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0291/2023	13/07/2023	EP	Summary
Draft final act		00046/2023/LEX	20/07/2023	CSL	

Final act
Regulation 2023/1525 OJ L 185 24.07.2023, p. 0007 Summary

Act in Support of Ammunition Production

PURPOSE: to establish the Act in Support of Ammunition Production (ASAP).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Russias military aggression against Ukraine has marked the dramatic return of territorial conflict and high-intensity warfare on European soil. The production capacity of the European Defence Technological and Industrial Base (EDTIB) has been therefore tailored to respond primarily to limited Member States needs, mostly along national dividing lines, due to decades of public underinvestment.

Considering the situation in Ukraine and of its pressing defence needs in particular for ammunition, the Council of 20 March 2023 agreed on a three-track approach, aiming at providing one million rounds of artillery ammunition for Ukraine in a joint effort within the next twelve months. It agreed to urgently deliver ground-to-ground and artillery ammunition to Ukraine and, if requested, missiles from existing stocks or the reprioritisation of existing orders. It further called on Member States to jointly procure ammunition and if requested missiles from the European defence industry (and Norway) in the context of an existing European Defence Agency (EDA) project or through complementary Member States-led acquisition projects, in order to refill their stocks while enabling the continuation of support to Ukraine.

To support these efforts, the Council agreed to mobilise appropriate funding including through the European Peace Facility (EPF). The Council also tasked the Commission to present concrete proposals to urgently support the ramp-up of manufacturing capacities of the European defence industry, secure supply chains, facilitate efficient procurement procedures, address shortfalls in production capacities and promote investments, including, where appropriate, mobilising the Union budget.

The Instrument will complement planned EU instruments such as the European Defence Industry Reinforcement through common Procurement Act, and existing EU programmes such as the European Defence Fund as well as EU defence initiatives such as the Permanent Structured Cooperation (PESCO) or the Strategic Compass for Security and Defence. It will also generate synergies with other EU programmes.

CONTENT: against this background, the Commission presents this proposal which seeks to establish 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 (relevant defence products), 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 identification, mapping and continuous monitoring of the availability of the relevant defence products, their components and the corresponding inputs (raw materials);
- 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.

Eligible actions

The Instrument will provide financial support for actions addressing identified bottlenecks in production capacities and supply chains with a view to secure and accelerate production to ensure the effective supply and timely availability of the relevant defence products.

Financial support will be provided to actions contributing to:

- optimising, expanding, modernising, upgrading or repurposing existing production capacities;
- establishing new production capacities;
- establishing cross-border industrial partnerships, including through public-private partnerships, aiming, for instance, at securing access to or reserving stocks of strategic components or raw materials;
- building up and making available reserved surge manufacturing capacities;
- testing or reconditioning (to address obsolescence) processes with a view to making existing ammunition and missiles useable;
- reskilling and upskilling related workforce.

In addition, the instrument will facilitate access to finance for EU companies in the field of ammunition and missiles, possibly through a specific mechanism, the Ramp-up Fund.

Budgetary implications

The financial envelope for the implementation of the Regulation for the period from the date of its entry into force to 30 June 2025 will be EUR 500 million in current prices. This budget comes from the redeployment of two instruments, the European Defence Fund and the future EDIRPA.

More precisely, ASAP budget has been allocated: (i) EUR 260 million from the European Defence Fund, from its 2024 budget; (ii) EUR 240 million from EDIRPA. ASAP budget will be engineered in a fashion that it does not undermine the implementation of existing defence programmes.

Act in Support of Ammunition Production

The European Parliament adopted a decision referring the matter back to the committee responsible for interinstitutional negotiations on the basis of the unamended proposal for a regulation of the European Parliament and of the Council on establishing the Act in Support of Ammunition Production.

The Commission proposal received 446 votes to 67 against and 112 abstentions. Members will now begin negotiations with the Council with a view to reaching a political agreement.

As a reminder, the Ammunition Production Support Action (ASAP) aims to speed up the delivery of ammunition and missiles to Ukraine and to help Member States replenish their stocks. By introducing targeted measures, including funding, the action aims to strengthen the EU's production capacity and address the current shortage of ammunition and missiles and their components. It will support the supply of ammunition from Member States' existing stocks and the joint procurement of ammunition.

The proposal for a new regulation includes:

- an instrument to financially support the reinforcement of EU industrial production capacities for the defence products concerned;
- a mechanism to map, monitor and better anticipate bottlenecks in supply chains;
- the introduction of a temporary regulatory framework to remedy the shortage of ammunition supplies.

The proposed financial envelope for implementing the regulation for the period from the date of its entry into force to 30 June 2025 is EUR 500 million in current prices.

Act in Support of Ammunition Production

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.

Act in Support of Ammunition Production

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.

Transparency				
KRASNOD?BSKI Zdzis?aw	Shadow rapporteur	ITRE	29/06/2023	Airbus