

**Question for written answer E-003638/2023
to the Commission**
Rule 138
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Subject: EU defence industry and EU Taxonomy II

Although the EU sustainable finance framework focuses on ensuring transparency and does not impose any limitations on financing any specific sector, in practice, the defence industry is viewed as 'dirty' or unsustainable and the majority of banks do not provide the necessary investment¹.

The EU defence ministers made a joint call in November to strengthen the defence sector's access to finance. It is paramount that finance institutions avoid discriminating against investments and adjust their policies accordingly, including through environmental, social and governance (ESG) indexes, which currently exclude companies active in the defence and armaments sectors. The ministers called for enhanced coordination between national and EU institutions in order to mitigate negative effects and find alternative ways to enable further investments by making investments in defence more attractive².

1. Given the considerable political support for strengthening the defence industry's access to investment, what is the Commission's rationale for not classifying the defence industry in the EU Taxonomy, thereby creating uncertainty for investment?
2. Will the Commission recommend adjusting ESG indexes to streamline more investment in the defence industry?
3. What actions will the Commission take to address the negative effects that the EU Taxonomy has on the defence industry?

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¹ <https://hlidacipes.org/valka-na-ukrajine-cisti-spinavy-byznys-kapacity-zbrojaru-poptavce-nestaci/>.

² <https://www.euractiv.com/section/defence-and-security/news/eu-defence-ministers-to-demand-better-finance-access-for-industry/>.