

(English version)

**Question for written answer E-002865/25
to the Commission**

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(14 July 2025)

Subject: Compliance of EDF funding of Intracom Defense with Regulation (EU) 2021/697

According to an international investigation by Investigate Europe, the Greek company Intracom Defense — the beneficiary of around EUR 14 million from the European Defence Fund (EDF) for the ACTUS drone project — is reportedly 95% owned by the Israeli state-owned arms manufacturer Israel Aerospace Industries (IAI), which is allegedly involved in the ongoing military operations in Gaza. Intracom's financial reports indicate that IAI not only owns 95% of its share capital but also holds 100% of its voting rights. On 16 May 2024, Intracom announced its participation in three additional EDF-funded projects.

Under Articles 10, 12 and 22 of Regulation (EU) 2021/697 ⁽¹⁾ establishing the EDF, entities controlled by non-EU countries may access funding only under strict safeguards, ensuring no unauthorised control, access, or transfer of project results to non-EU actors. The regulation also requires compliance with ethical standards, international law and fundamental rights.

Given these concerns, can the Commission clarify:

1. whether awarding EDF funding to a company under full control of a non-EU defence entity like IAI is compatible with Regulation (EU) 2021/697?
2. whether it has conducted and documented a risk assessment excluding the possibility of direct or indirect transfer of EDF-funded results to the Israeli Government?
3. whether it intends to open an investigation to verify compliance with regulatory and ethical obligations?

Submitted: 14.7.2025

Answer given by Mr Kūbilius on behalf of the European Commission
(9 September 2025)

The European Defence Fund (EDF) ⁽¹⁾ supports the EU's strategic autonomy by funding entities established in the EU and Norway. Israel-based entities are therefore not eligible ⁽²⁾.

EU-based entities controlled by non-EU entities, such as Intracom Defence, may participate if robust safeguards are in place ⁽³⁾. EDF rules require submitting guarantees, approved by the Member State of establishment, ensuring that the non-EU parent company cannot access sensitive information and that results and intellectual property rights remain with the EU entity. The Commission assessed the submitted guarantees and concluded to compliance with the EDF Regulation ⁽⁴⁾.

Any transfer of ownership of results of EDF actions outside the EU or Norway requires prior notification to the Commission and may trigger recovery of funds if it conflicts with the security and defence interests of the EU, its Member States or the EDF objectives ⁽⁵⁾.

Ethical screening is systematically conducted at project-level, focusing on project-specific activities, not on participants corporate structure. Compliance with international law is also evaluated at project-level. The ACTUS project also underwent this screening. The Commission holds the right to audit projects, launch investigations of the European Anti-Fraud Office, terminate grants and recover funds in case of non-compliance with applicable rules.

¹ Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund (OJ L 170, 12.5.2021, p. 149, ELI: <http://data.europa.eu/eli/reg/2021/697/oj>).

⁽¹⁾ <https://eur-lex.europa.eu/eli/reg/2021/697/oj/eng>.

⁽²⁾ Article 9(1) of Regulation (EU) 2021/697.

⁽³⁾ Article 9(4) of the EDF Regulation.

⁽⁴⁾ Ibidem.

⁽⁵⁾ Article 23 of the EDF Regulation.