MINISTÈRE
DE L'ÉCONOMIE,
DES FINANCES
ET DE LA SOUVERAINETÉ
INDUSTRIELLE, ÉNERGÉTIQUE
ET NUMÉRIQUE
Liberté
Égalité
Fraternité

Trésor-Economics

No. 384 • March 2026

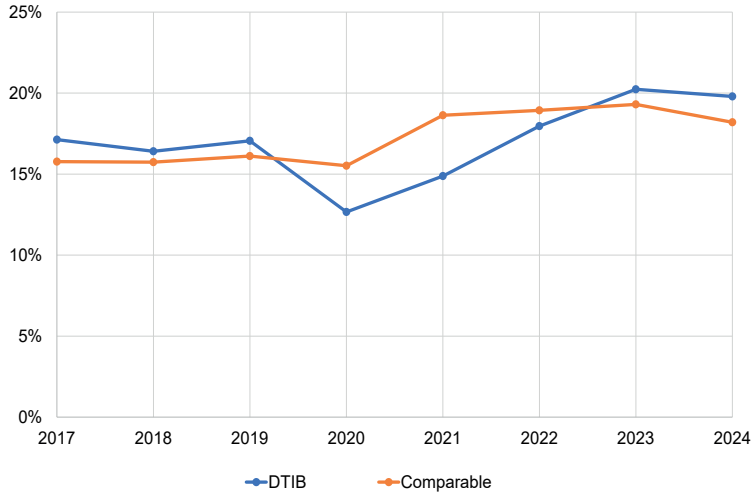
Direction générale du Trésor

The Financial Situation of the Defence Technological and Industrial Base Since the Onset of the War in Ukraine

Quentin Bon, Jean de Livonnière and Raphaël Lafrogne-Joussier

- Rising defence spending, increasing at a faster pace since 2022, could trigger an increase in business activity. The rapid development of Defence Technological and Industrial Base (DTIB) businesses and the related benefits are however hampered by lingering supply and hiring difficulties.
- According to a study published in March 2025 carried out by France's Economic Observatory for Defence and the French Treasury, the economic and financial situation of the DTIB was precarious prior to the Russian invasion of Ukraine. This paper supplements the study by analysing the situation up to 2024 and shows that since 2022 the sector's economic and financial health has been steadily improving. However, long payment lead times and a high working capital requirement point to the need for significant cash flow.
- Since 2021, intermediate-sized enterprises (ISEs) and small and medium-sized enterprises (SMEs) in the DTIB have seen a sharp increase in their value added, profit margins and investment rates, which are more robust than for comparable non-DTIB companies.
- The equity of DTIB companies has risen, driven primarily by the increase in earnings. However, their equity levels are still proportionally lower than in the rest of the industrial sector, and the borrowing levels of DTIB companies continue to be more significant.
- This trend may continue with rising defence spending in France and Europe and an expansion of financing opportunities. The ongoing consultation between the defence industry and the financial sector, set up by the Defence Procurement and Technology Agency (DGA) and the French Treasury in 2025, has facilitated bank financing and helped raise equity funding in the DTIB.

Median profit margins for the DTIB and comparable non-DTIB companies



Sources: Tax forms, DG Trésor calculations.

Note: In 2024, the median profit margins for DTIB companies stood at 19.8% versus 18.2% for comparable companies in the same, non-DTIB business sectors.

1. Defence spending increases: a challenge for industry

1.1 Scaling-up of defence spending in Europe and France

Since 2017, defence spending by EU Member States has been continuously on the rise, with a sharp uptick since 2022 as a result of the Russian invasion of Ukraine. In 2024, this spending accounted for nearly 1.9% of the EU's GDP.[1] France spent 2.1% of its GDP on defence in 2025,[2] and this share is set to further increase: the appropriations earmarked for the "Defence" Mission will total €57.1bn in 2026, up 13% on the 2025 figure.[3] This upward trend is in line with the 2024-2030 Military Planning Act, bolstered by an additional allocation of €3.5bn that was announced in July 2025.

This increase in spending is the result of the heavily deteriorated geostrategic situation; France updated its strategic objectives in 2025 to include preparation for "the threat of a major conflict".[4] At the June 2025 NATO summit in The Hague, the 32 NATO member countries – except Spain – committed to raising their core defence spending to 3.5% of their GDP by 2035 with a further 1.5% committed to defence and security-related investment, a bold target reflecting a pressing need to consolidate military capabilities.

1.2 Targeted defence spending on investment in France should stimulate the economy in the medium term

In France, the business momentum triggered by this increase in defence spending has started to take form. Unlike the rest of industry, the DTIB has seen its order books significantly increase in size since 2022 and production levels have shot up since 2023.[5] New production sites have been built, such as the Eurenco site in Bergerac and nearly half of businesses in defence-related sectors have plans to develop their operations in this field.[6]

The extent of the increase in business activity seemingly depends on the breakdown of the additional defence spending incurred,[7] its geographical origin[8] (imports or domestic production) and whether there are any supply shortages or crowding-out effects. In the short- and medium-term, academic literature points to estimates of very high multiplier values for government spending,[9] whether generic or military. In particular, given their effects on both supply and demand, investment spending and public financing of military R&D are expected to be the factors most likely to generate benefits in the medium term.[10]

(1) European Defence Agency, Defence Data Portal.
(2) DiCoD, Les chiffres clés de la défense 2025 (in French only).
(3) 2026 Budget Bill.
(4) Secretariat General for Defence and National Security (SGDSN), National Strategic Review 2025.
(5) L'industrie de défense française : un appareil de production sous tensions, *Blog Insee*, November 2025 (in French only).
(6) Aux armes dirigeants ? Les PME et ETI face à l'effort de défense, *Bpifrance* Le Lab, September 2025 (in French only).
(7) There is no empirical consensus concerning the potential difference in value between the defence spending multiplier and the general public spending multiplier. For a review of recent literature on this topic, see Ilzetzki (2025), "Guns and Growth: The Economic Consequences of Defense Buildups", *Kiel Institute for the World Economy.*
(8) Imports account for 2% of military equipment spending in France. Mejino-Lopez et al. (2024), "What role do imports play in European defence?", *Bruegel.*
(9) Refer in particular to V. Ramey (2019), "Ten Years After the Financial Crisis: What Have We Learned from the Renaissance in Fiscal Research?", *Journal of Economic Perspectives.*
(10) J. Antolin-Diaz & P. Surico (2025), "The Long-Run Effects of Government Spending", *American Economic Review* 115(7), pp. 2376-2413.

Public financing of R&D is vital for developing an innovation ecosystem,[11] especially as it stimulates private-sector R&D.[12] In France, more than 50% of public financing of R&D originates from military programmes.[13] Among all areas of public procurement, that of defence is the most technologically advanced: in OECD countries, defence is the sector receiving the most R&D funding from the French government, dwarfing that received by the healthcare and energy sectors.[14]

1.3 The DTIB is addressing the challenge of building capacity head-on

However, the DTIB faces a number of major stumbling blocks that could restrict its ability to meet growing demand and consequently minimise the positive effect of an increase in defence spending on the economy.

First and foremost, production capacity is already subject to strong demand: the current level of capacity utilisation in manufacturing for the DTIB has been stable at around 90% since 2023, compared to the 80% figure for the rest of the manufacturing industry in late 2024. However, this level is not its record high (94% in 2019).[15] This high utilisation rate significantly reduces leeway for ramping up production in an unchanged manufacturing industry.

In addition, as in the rest of the industrial sector, key professions such as engineers, specialist technicians and skilled workers are in especially short supply, with more severe hiring difficulties than in the rest of the economy.[16] A third of DTIB companies have also reported supply issues, which is double the rate than in the rest of the manufacturing industry as a whole.[17] For instance, there are severe shortages of certain components and critical commodities that are essential for the DTIB (particularly aluminium, graphite and chrome,[18] as well as semi-conductors), and remedying this situation by building capacity would require implementation of diversification and secure supply strategies.

To build capacity, major investments need to be made by the sector. However, a joint study by the French Treasury and the Economic Observatory for Defence[19] observed that, in 2021, the economic and financial health of the DTIB was more fragile than that of non-DTIB companies. DTIB companies had slimmer margins, were less able to create value and had higher debt levels.

(11) Bloom et al. (2019), "A Toolkit of Policies to Promote Innovation", *Journal of Economic Perspectives* 33(3), pp. 163-184.
(12) Moretti et al. (2025), "The Intellectual Spoils of War ? Defense R&D, Productivity, and International Spillovers", *The Review of Economics and Statistics* 107(1), pp. 14-27.
(13) Information Systems and Statistical Studies Department – SIES (2025), "État de l'Enseignement supérieur, de la Recherche et de l'Innovation en France" (in French only).
(14) OECD (2025), *Main Science and Technology Indicators* – in 2023, defence R&D budget allocations totalled $107.7bn in the OECD, compared to $87.8bn for healthcare and $42.6bn for energy.
(15) L'industrie de défense française : un appareil de production sous tensions, op. cit. (in French only).
(16) Dares (2026), "Les tensions sur le marché du travail en 2024" (in French only).
(17) Ibid.
(18) Girardi et al. (2023), "Strategic raw materials for defence | Mapping European industry needs", The Hague Center for Strategic Studies.
(19) Alvarez et al. (2025), "How Strong Were the Finances of DTIB Companies Before the War in Ukraine?", *Trésor-Economics*, No. 360

2. Improved financial health for DTIB SMEs and ISEs since 2021

While the DTIB suffered from a weaker financial structure and less control over its operating cycle up to 2021, the situation has been improving since 2022.

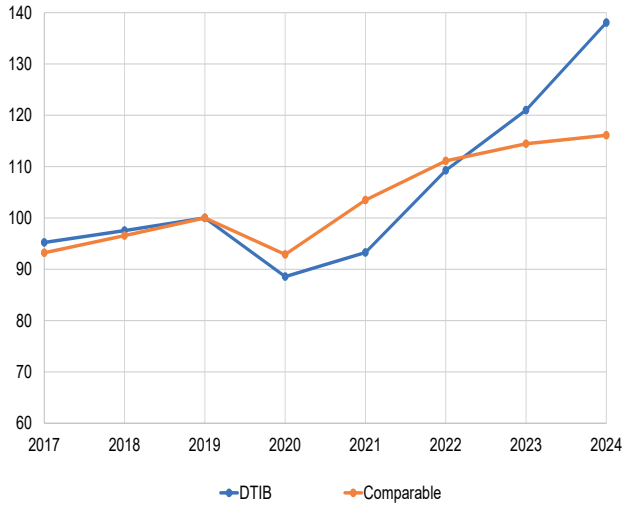
2.1 Increasing profitability and investment

From 2021 to 2024, DTIB companies experienced strong growth, with for example a 48% increase in median value added versus 12% for comparable companies (see Chart 1 and Box 1). From a qualitative standpoint, this trend compared to the counterfactual scenario also applies to productivity, turnover and salaried employment, and is apparent for all company categories.

An improvement in several profitability indicators went hand in hand with this trend. The gross operating surplus (EBITDA) margins, profit margins (see Chart on the cover page), return on capital employed (ROCE) and return on equity (ROE)[20] have sharply risen, with 2024 median levels outstripping those of comparable civil companies.

A rise in profitability has led to a sharp increase in the investment rate[21] in the DTIB. The rate rose by one percentage point in 2022, while the corresponding rate for comparable companies did not change (see Chart 2). This momentum for invested amounts is even stronger as the rise in value added (constituting the denominator in the investment rate calculation) for the DTIB has increased sharply starting in 2022 and as the investment rate is structurally higher in the DTIB. This level is in line with the high capital intensiveness of the DTIB, particularly for intangible assets, which results, inter alia, in a high number of patents, which are required to maintain a technological edge in this sector, being taken out.[22]

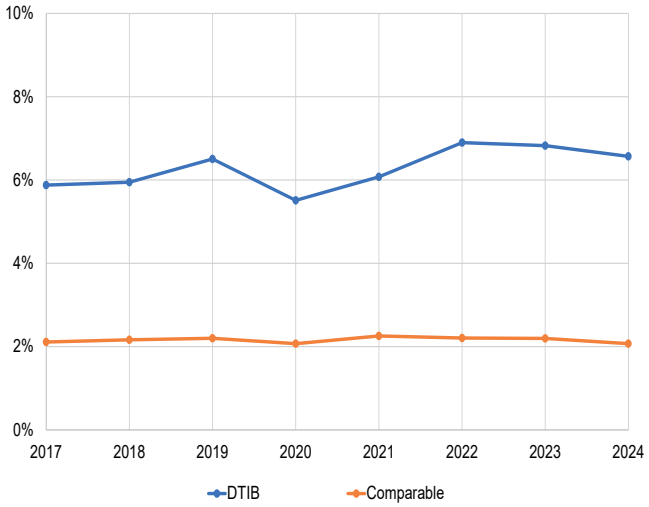
Chart 1: Median of value added



Sources: Tax forms, DG Trésor calculations.

Note: Baseline = 100 for 2019. In 2024, the median value added for DTIB companies was 38% higher than in 2021, compared to 36% for non-DTIB companies.

Chart 2: Median of investment rate



Sources: Tax forms, DG Trésor calculations.

Note: In 2024, the median investment rate of DTIB companies was 6.5%, compared to 2.1% for non-DTIB companies.

(20) Respectively, the gross operating surplus to turnover ratio, the gross operating surplus to value added ratio, the operating income (less corporation tax) to total assets ratio and the net profit to equity ratio.
(21) Total investment divided by value added.
(22) C. Fauconnet (2020), "Major Defence Contractors: Their Role as Knowledge Architects", IRSEM, *Research Paper* No. 108.

Box 1: Sampling and study methodology

In this paper, the DTIB is defined by a list of legal units provided by the Defence Procurement and Technology Agency (DGA) that includes all companies that "contribute to the design and manufacturing of military equipment". In addition to major defence project managers, the DGA relies on a network of over 4,000 companies of interest in this field throughout France.

The work underlying this publication is based on a sample of legal units, produced by cross-referencing the legal entity list provided by the DGA to determine the DTIB with financial and economic data from Fiscal forms provided by the Public Finances Directorate General (DGFiP). The scope of the paper is limited to business activity sectors that are deemed the most representative of the DTIB, and excludes major corporations (as they are monitored separately in a specific manner) and micro-enterprises of fewer than two employees which have little relevance in the context of a study of financial health.

The sample of DTIB companies comprises 3,497 SMEs and ISEs, 60% of which operate in the manufacturing industry. The set of non-DTIB companies, referred to as "comparables", comprise 138,910 SMEs and ISEs. The majority are micro-enterprises and very-small enterprises, while 2.5% of the non-DTIB company set are ISEs compared to 14.2% for the DTIB set.

As the Fiscal forms used contain raw datasets, they have also been restated to ensure reliable results. The datasets in this study are different from those used in the previous paper,[a] which included tax data restated by Insee.[b] Nevertheless, the findings are still in line with the datasets used here. The period under review is from 2017 to 2024 and figures are analysed using a combination of two approaches.

The analysis involves comparing the DTIB companies with comparables in relation to a relevant variable. In order to systematically factor in the potential compositional effects between the two sample sets, the study is based on linear regression estimates of specifications, calculated as follows:

$$y_{isdt} = \beta_1 DTIB_i + \beta_2 X_{it} + \rho_t + \gamma_s + \mu_d + \varepsilon_{isdt}$$

Where y_{isdt} is the level of one relevant variable in year *t* for company *i* in sector *s* and located in *département d*, $DTIB_i$ is a dummy variable that equals 1 when company *i* is part of the *DTIB*, X_{it} is a vector of company-level variables that allows us to take into account a company's age, size category (one of six) and a quantitative control of its size (turnover, value of its assets, size of its workforce – full-time equivalent). Lastly, ρ_t, γ_s, and μ_d are fixed effects that control for the year, the sector (three-digit French Industry Classification (NAF) code) and the *département* in which the company is located.

The coefficient β_1 thus corresponds to the difference for variable *y* between a DTIB company and a comparable company – with respect to other variables in the equation – that is not part of the DTIB. This difference does not correspond to the causal effect of being part of the DTIB, but rather the average difference calculated between the DTIB and its comparable.

For illustrative purposes, the findings for certain variables are also presented in chart format to show the change in the median value within the DTIB and within the comparable set. An additional datasheet with the results of regression exercises and median comparisons can be found online.

a. Ivarez et al. (2025), op.cit.

b. The datasets conventionally used for business statistics come from Insee's Fare databases. These sets are a restated version of the tax forms and the timeframes for restatements indicate that these sets are only published two years after the end of the financial year in question. The data taken directly from these Fiscal forms is generally available a few months after the end of the financial year. This data is "raw", in that it has not been or scarcely been restated by the tax authorities. Reconciliation was carried out to reconstruct the variables usually used and to correct the main statistical anomalies. The correlation between the variables from the Fare databases and the reconstructed variables – for the years for which these data sources are available – exceed 90% for the vast majority of the variables. In addition, as the headcount variable is of poor quality in the Fiscal forms, we extracted the salaried employment data by legal unit from quarterly employment factsheets (Insee, URSSAF, Dares), a quarterly database available two months after the end of a quarter.

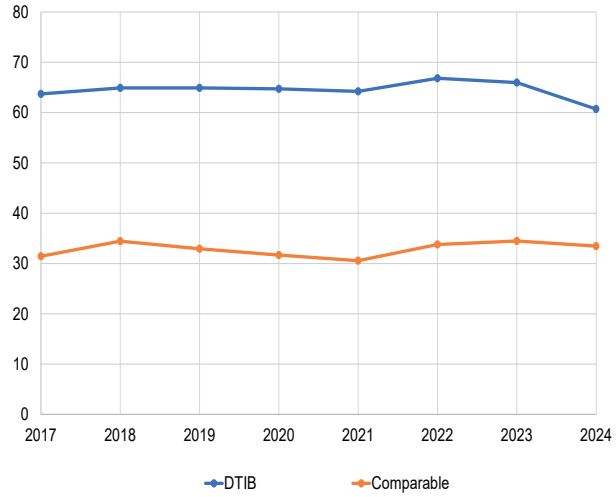
2.2 An ever-increasing cash flow requirement

DTIB companies tend to have very long customer-to-company and company-to-supplier payment lead times.[23] One of the reasons for this are the timeframes required to verify and authorise sensitive products, procedures mainly concerning acceptance of the finished product by the end customer that have timeframes that could have a knock-on effect for the entire chain for sub-assembly manufacture. The growing order books mentioned previously were also mirrored by trade receivables and trade payables which rose sharply in 2022. The difference in customer-to-company and company-to-supplier payment lead times (i.e. the trade balance) is nevertheless still stable, demonstrating that the rise in trade receivables has gone hand in hand with the increase in company-to-supplier payments.

The WCR expressed in days of turnover remains high compared to the comparable figure (see Chart 3). The WCR is higher for companies in the DTIB despite its trade balance being at a similar level to that of the comparables. This is because DTIB companies' inventories[24] are at high levels, the result of a longer production cycle and more rigorous verification stages.

Inventory financing may be more limited for companies in the DTIB than in other sectors (see Box 2). Despite comparable turnover levels, a higher WCR to turnover ratio points to the need for significant cash flow. With equivalent returns, this high level continues to adversely affect the ability of companies to add profits to retained earnings for investment.

Chart 3: Median working capital requirement (WCR)



Sources: Tax forms, DG Trésor calculations..

Note: In 2024, DTIB companies had a median WCR of 61 days of turnover, compared to 33 days for non-DTIB companies.

Box 2: Inventory financing for companies in the DTIB

The specific nature of manufacturing within the DTIB means that inventories are at higher levels than those of the comparables and thus require different financing solutions. Usually, conventional loans backed by inventories are an option for financing them, but the sensitive nature of defence inventories and longer production cycles may dissuade conventional banks from considering this kind of solution. There are other options, such as the inter-company lending set out in Article 167 of the so-called "Macron Act"[a] which is available to companies and their suppliers, and private debt funds. Another solution are asset-based loans that circumvent the risk analyses conducted by conventional banks – a hindrance to industrial activities[b] – by shifting the focus of these analyses to the net asset value of the underlying asset.

a. Under Act no. 2015-990 of 6 August 2015, "companies can grant loans with terms of less than two years to microenterprises, SMEs and ISEs with which they have economic ties that justify the loans".
b. This approach is based on solvency indicators – the gearing ratio, interest coverage ratio and EBITDA ratio – creating a distortion that adversely affects industry. S. Makaya (2026), "Le financement d'actifs industriels : Un levier stratégique pour la souveraineté économique française", *Réalités industrielles* (in French only).

(23) For customer-company payment lead times: the customer receivables (inc. tax) to turnover (inc. tax) ratio. For company-supplier payment lead times: trade payables (inc. tax) to purchases (inc. tax) ratio.
(24) The WCR is the sum of the trade balance and the number of days of inventory.

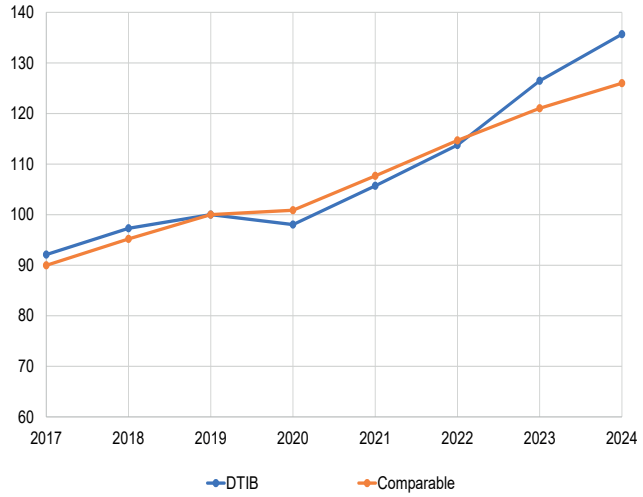
2.3 An improving, yet still delicate, financial structure

The equity of companies in the DTIB has experienced strong growth (see Chart 4), which was used to finance the aforementioned increase in the investment rate.

Over the entire period under review, the DTIB is characterised by a significantly larger share of direct shareholder capital contributions to equity relative to undistributed profits. This larger share potentially reveals two patterns: either that businesses in the DTIB can more easily access shareholder capital contributions, or that these businesses struggle more to generate earnings to be factored into their financial statements (in line with their significant cash flow requirement). The recent equity increase appears to be driven by an improved integration of earnings: while a drop in direct shareholder contributions has been observed for both the DTIB company and comparable sample sets, the decrease has been sharper for DTIB companies in the past few years, suggesting that companies are choosing to allocate more of their earnings to equity.

In 2024, DTIB companies posed a financial risk, measured using the ratio of financial debt to equity (gearing ratio): this ratio was low and close to the level for comparables whilst it was higher in 2021. This improvement does not seem to be the result of the aforementioned increase in equity: DTIB companies have proportionally lower equity levels (relative to liabilities) than comparable companies. This may be partly due to the increase in the remainder of the liabilities of DTIB companies resulting from an increase in trade payables (see above) and a strong rise in tax and social security debt.

Chart 4: Median equity



Sources: Tax forms, DG Trésor calculations.

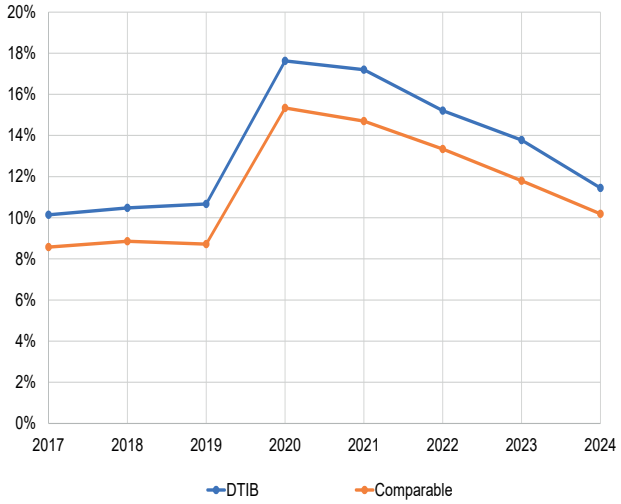
Note: Base 100 = 2019. In 2024, median equity of DTIB companies was 36% higher than the 2021 figure, compared to 26% for the non-DTIB figure.

However, even if DTIB companies continue to have a slightly higher median debt ratio,[25] their gross financial debt has decreased to a greater extent than that of the comparables (see Chart 5).[26] In spite of this improvement, net debt has slightly increased over the period, reflecting more significant cash flow expenditure in recent times to finance the scaling-up of production.[27]

DTIB's capacity to repay debts has been improving since 2022, driven by strong growth in cash flow, albeit to a lesser extent than that of the comparables (see Chart 6). Lastly, the DTIB is faced with higher implicit interest rates[28] than those on comparables, with these rates having increased more since 2021 (a median 3% versus 2% in 2024). This may be the result of an increased use of bank financing in recent times, which tend to have higher interest rates.

(25) The gross debt ratio is the ratio of financial debt to total liabilities. The net debt ratio deducts cash.
(26) The drop in gross debt between 2020 and 2024 occurred after a spike in financial debt in 2020, following the issuance of government-back loans to cope with the COVID-19 pandemic. DTIB companies had a slightly lower loss ratio (3.8%) than that of the entire scheme (4.1%) in late December 2025. This lower ratio may be attributable to these loans having been granted later, on average, for DTIB companies than for the rest of the economy; this also suggests that they should result in a considerable refinancing need over the next two years, as they mature in 2027-2028.
(27) Net debt did not rise in 2020, as the loans had increased the cash position by the same degree. Benitto et al. (2022), "Analysis of France's State-Guaranteed Loan Scheme at End-2021", *Trésor-Economics*, No. 303.
(28) The ratio of interest expense to the company's financial debt stock.

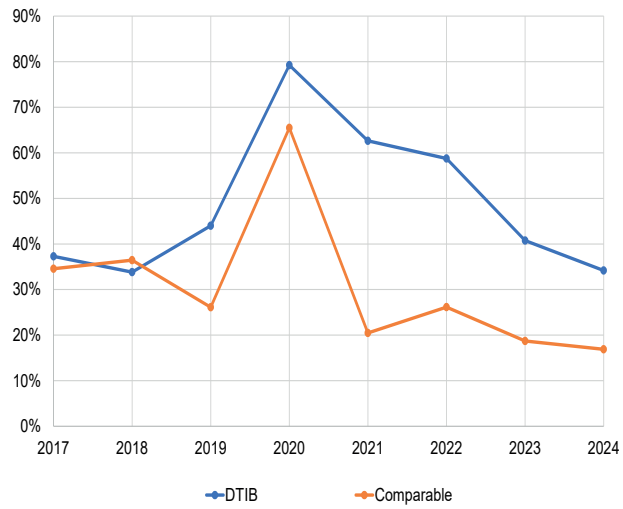
Chart 5: Median gross debt ratio



Sources: Tax forms, DG Trésor calculations.

Note: In 2024, DTIB companies had a median ratio of 11% compared to 10% for non-DTIB companies.

Chart 6: Median repayment capacity



Sources: Tax forms, DG Trésor calculations.

Note: For 2024, the lines show the ratio of financial debt to operating income (EBITDA). Low levels indicate a better capacity to repay debt. In 2024, financial debt accounted for 33% of profits for the median DTIB company and 11% for the median non-DTIB company.

Box 3: An array of situations at play

The observations made in this paper relate to companies within the DTIB sample set as a whole. However, the situation differs from one business sector to another. For example, for manufacturing companies in the DTIB, company-to-supplier payment lead times are particularly long compared to customer-to-company payment lead times, resulting in a trade balance that is considerably more beneficial in terms of cash flow for the industry side of the DTIB (median of -11 days) compared to manufacturing companies in the comparable sample set (median of -2 days). While the cash flow level, expressed in days of turnover, is the same for DTIB and non-DTIB companies, within the manufacturing industry the median for DTIB companies is nearly half the median for non-DTIB companies. Across all sectors the investment rate for DTIB companies is higher than for the comparables, and this difference is particularly significant with respect to laboratories and research centres - the median rate was seven times higher in 2024, while the rate for heavy industry was two times higher.

Most differences between DTIB companies and the non-DTIB comparables are still present from a qualitative standpoint when comparing the companies within the various business activity sectors. However, the findings occasionally diverge in the case of ISEs: for example, ISEs have a lower debt ratio, particularly in the DTIB, where the ratio is lower than for non-DTIB companies for this category. ISEs in the DTIB do not appear to have specific problems in allocating their earnings to equity, with direct shareholder contributions standing at similar levels in and outside the DTIB while being much higher for other DTIB companies. Lastly, while there has been a recent trend among SMEs in the DTIB to strengthen equity, the share of equity recognised under liabilities for ISEs has fallen since 2020. One of the reasons for this is an increase in trade payables.

3. Positive trends that could continue in the future

3.1 More economic opportunities for France's DTIB

Since the onset of the Russian offensive in Ukraine in February 2022, France's DTIB has seen a rise in demand driven by increased defence spending. Since then, almost all NATO member countries and EU Member States have increased their military spending targets, in turn creating a rise in demand which the French defence industry, the second largest exporter of weapons in the world,[29] has been well positioned to address. In addition, French exports to the EU tripled between 2015 and 2019 and 2020 and 2024, reflecting greater recognition of France's expertise in this field throughout Europe.[30]

The pace of this increasing demand picked up again in 2025 due to growing uncertainty surrounding the Transatlantic partnership and European countries' stated intention to strengthen their strategic autonomy. French exports, reaching a record high in 2024 (€21.6bn), are expected to total around €20bn in 2025. The launch of the SAFE (Security Action for Europe) instrument,[31] designed to promote common procurement in Europe, is in this respect a key driver for France's DTIB: in allocating funding to joint procurement, the instrument is beneficial to major project managers with comprehensive independent industrial capacity, a profile that corresponds to major French contractors.[32] France's defence industry is therefore well-positioned to benefit from several favourable trends: rising domestic demand, European partners in the catch-up phase of capacity-building, and new EU mechanisms set up to pool procurement efforts.

3.2 Financing on the rise

Following on from the 20 March 2025 announcement[33] intended to rally private investors to finance the defence industry, the Minister for the Economy and Finance and the Minister for Defence entrusted Hervé Guillou and Philippe Brassac with heading up a consultation between the defence industry and financial sector with the support of the Defence Procurement and Technology Agency (DGA) and the French Treasury. France is the European country whose defence companies generate the highest turnover. Source: The SIPRI Top 100 arms-producing and military services companies, 2024 Two main priorities were established for this project: the harmonisation of exclusion policies for bank financing and an increased use of equity for the benefit of DTIB companies.

Regarding the first priority, discussions have revealed that the French banking sector's support of the DTIB has been taken onboard and is increasing.[34] All major banks have begun or finalised the review of their sector-specific policies, replacing the vague concept of "controversial weapons" (*armes controversées*) with "banned weapons" (*armes interdites*). The banks have also set up a network of defence correspondents who are currently being trained up.

On the part of investors, there has been a huge spike in the uptake of environmental, social and governance (ESG) policies. Up to 2025, these policies revolved for the most part around exclusion practices that were often detrimental to the defence sector. Since the 20 March 2025 announcement, investment policies have been gradually revised, and certain private finance players have decided to take greater consideration of sovereignty issues.

(29) SIPRI Arms Transfers Database, *Stockholm International Peace Research Institute*, 2025.
(30) Ibid.
(31) European Commission, SAFE | Security Action for Europe.
(32) France is the European country whose defence companies generate the highest turnover. Source: *The SIPRI Top 100 arms-producing and military services companies,* 2024
(33) [Video, in French only] Réarmement et financement de la base industrielle et technologique de la défense (BITD) | economie.gouv.fr.
(34) French Banking Federation (FBF) (2026), "Banques françaises : une augmentation de 22 % du financement du secteur de la défense en 6 mois" (in French only).

French Treasury and DGA teams have analysed the requirements for gearing up the DTIB to address European market prospects from now until 2030-2035. This ramp-up firstly relies on the production capacities of SMEs and ISEs in the subcontracting chain. Estimates of the capital requirements of these companies for 2026-2030 range from €4bn to €6bn, excluding those relating to the companies' civil production (often constituting the majority). French defence investment funds and general-purpose funds, now accessible with the lifting of sector-specific exclusions, should, subject to confirmation in the next few months, be able to address identified requirements. In a move to involve savers in financing efforts, in October 2025 Bpifrance launched an investment vehicle for the DTIB available to individual investors with a minimum subscription of €500.

Another financing requirement was identified for dual-use technology companies: this segment is still structurally under-funded in the growth stages. With no investment vehicle in place to resolve this issue, these companies rely for the most part on foreign capital, as illustrated by recent fundraising campaigns that were financed for the most part by US funds.[35] France and Europe are looking to secure private investment funds totalling several billions of euros to be fed into the growth stages of companies developing disruptive technology. These funds are known as "late-stage deep tech funds". While this matter more broadly covers disruptive technology financing – as opposed to just in the defence sector — it is considered a priority issue.

Lastly, the capacity to support exits is crucial to securing long-term investment and strengthening France's industrial base. It also requires granting access to the listed market to as many companies as possible, particularly consolidated ISEs and burgeoning tech companies. To grant this access, the consultation work identified the need to bolster listed SME and ISE stock market funds, which have experienced significant outflows in recent years and are no longer able, at this point, to fully assume their role.

(35) For example for Helsing, a German drone company, almost 75% of funds raised are American in origin.

Publisher:

Ministère de l'Économie, des Finances et de la Souveraineté industrielle, énergétique et numérique

Direction générale du Trésor
139, rue de Bercy
75575 Paris CEDEX 12

Publication manager:

Dorothée Rouzet
tresor-eco@dgtresor.gouv.fr

English translation:

Centre de traduction des ministères économique et financier

Layout:

Mimose Mellia
ISSN 1962-400X
eISSN 2417-9698

Recent issues in English

February 2026

No. 382 The Economic Issues Surrounding Support for Renewable Electricity
Jules Grimont and Jacques de Saint Pierre

No. 381 Which Competition Policy Should be Adopted to Support Growth in France and Europe?
Jean-Baptiste Auger and Eloïse Villani

https://www.tresor.economie.gouv.fr/Articles/tags/Tresor-Eco

Direction générale du Trésor

@DGTresor

To subscribe to *Trésor-Economics:* bit.ly/Trésor-Economics

For all press enquiries, please contact presse@dgtresor.gouv.fr (01 44 87 72 24)