# LuxDefence - Press release

Luxembourg, November 18th 2026

## LuxDefence and its members welcome the creation of a legal framework for the Luxembourg defence industry

LuxDefence members support and welcome the Ministry of the Economy's tabling of the draft bill on the manufacture of defence-related products, which aims to provide Luxembourg's defence industrial and technological base with its own legal framework. This bill is fully in line with the recommendations set out in the Chamber of Commerce's Lux4Defence report, which led to the creation of LuxDefence.

LuxDefence believes, however, that several adjustments are necessary to ensure legal certainty, the proportionality of the measures and their alignment with the industrial, technological and operational realities of the companies concerned.
Following a consultation with its members, the association has drawn up a series of priority recommendations, organised around four main areas.

**Greater consideration of the digital reality of defence**

Modern military capability increasingly relies on software, data and digital integration, rather than solely on hardware. The association calls for the definition of a 'defence-related product' to be clarified so as to explicitly include digital and intangible activities, and to remove the legal grey area currently faced by integrators combining civilian, dual-use or cyber components, as well as dual-use companies.

**A risk-based framework proportionate to industrial realities**

The association recommends revising the security regime for premises – which is considered to be too closely modelled on the standards applicable to gunsmiths and ill-suited to industrial sites, high-tech activities and digital assets – in favour of an approach based on risk and a target security level. Similarly, the sanctions regime should be rebalanced so as not to discourage companies from investing in the defence market.

**Greater legal certainty for all companies and regulation applied across the entire ecosystem**

Several recommendations aim to streamline the administrative and financial processes for companies. LuxDefence would like to see the threshold for shareholding that triggers identification obligations clarified, and a prior consultation mechanism put in place in the event of a significant change in shareholding, in particular to enable start-ups and scale-ups to secure their financing operations, in coordination with the national foreign investment screening regime.

Furthermore, LuxDefence proposes the removal of the specific exemption granted to public research institutions, thereby ensuring uniform treatment of R&D activities, whether public or private, and to ensure the security of all stakeholders involved in defence projects and programmes.

**Administrative simplification and business continuity**

The association advocates for a single register that can fulfil both the obligations set out in the draft bill and those already provided for in existing legislation, thereby reducing administrative duplication without compromising the level of traceability.

Through these recommendations, the association and its members reaffirm their commitment to the principle of a clear and robust legal framework for Luxembourg's defence sector, and their willingness to contribute, in a constructive spirit, to the development of a system that is secure, proportionate and adapted to the operational, technological and industrial realities of the sector.