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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	Regulation establishing European Competitiveness Fund (ECF), including specific programme for defence research and innovation *- Partial general approach*

I. INTRODUCTION

1. On 16 July 2025, the Commission transmitted its proposal for a Regulation on establishing the European Competitiveness Fund (ECF)[1] to the European Parliament and to the Council.

[1] 11770/1/25 REV 1.

2. The proposal is part of the multiannual financial framework (MFF) package for the period 2028-2034. The objective of the draft Regulation is to consolidate 14 individual funding instruments in the current MFF into a single framework for investment to bolster European competitiveness in strategic technologies and sectors.

3. The proposed indicative envelope for the ECF is EUR 234.3 billion in current prices. The ECF, operating under one single rulebook, and offering one single gateway to funding applicants, aims to simplify and accelerate EU funding and catalyse private and public investment. It is structured around four policy windows reflecting strategic priorities for building EU competitiveness and resilience: (1) clean transition and industrial decarbonisation; (2) health, biotechnology, agriculture and bioeconomy; (3) digital leadership; and (4) critical raw materials, defence industry, space and civil security industry.

4. On 9 December 2025, the European Economic and Social Committee adopted its opinion on the legislative proposal[2].

5. On 23 March 2026, the European Committee of the Regions adopted its opinion on the legislative proposal[3].

6. On 15 January 2026, the European Court of Auditors adopted its opinion on the legislative proposal[4].

II. PROGRESS MADE IN THE COUNCIL

7. The Permanent Representatives Committee decided to set up a European Competitiveness Fund (ECF) subgroup within the Ad hoc Working Party on the MFF. The subgroup started its work in September 2025.

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2 16636/25.
3 7660/26.
4 5397/26.

8. During the Danish Presidency, 21 meetings of the ECF subgroup were organised to examine the Commission's proposal, the impact assessment and several Presidency compromise texts. The Danish Presidency organised separate discussions on the horizontal part (Chapters I, II, III and VIII) and the policy windows (Chapters IV to VII). The bracketed articles and recitals were not discussed in the ECF subgroup but referred back to the Ad hoc Working Party on the MFF. The Danish Presidency presented three Presidency compromise texts on the horizontal part and a first Presidency compromise text on the policy windows and the recitals.

9. The Danish Presidency requested the opinion of the Council Security Committee on the parts of the text which deal with information security, namely Article 13 (Application of the rules on classified information and sensitive information), Article 51(9) and (10) (Complementary eligibility rules for grants), Article 55 (Additional applicable rules on classified information), Article 69 (Eligibility and participation conditions for the preservation of the security, integrity and resilience of operational space systems of the Union), Article 77(2), point (d) (Principles of governance) and Article 78 (Complementary rules on the protection of classified information). The Council Security Committee provided an opinion[5] on 30 April 2026, which was taken into account in the latest Presidency compromise text.

10. The Cyprus Presidency, on the basis of subsequent article-by-article and thematic discussions at 19 further meetings of the ECF subgroup, prepared four more Presidency compromise texts and sought political guidance from Coreper on three occasions. Coreper provided political orientation notably on the question of how a balance could be struck between ensuring high quality and high impact projects and taking account of the different circumstances across the EU. Coreper also advised on how the proposed ECF Regulation could be supplemented with provisions regarding future seamless interaction in the implementation of this Regulation and the forthcoming Horizon Europe research framework programme, in particular to ensure that Member States are actively involved in identifying and setting common priorities at strategic level whilst taking adequately account of research and innovation priority areas.

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5 8734/26.

11. Following the Coreper discussion on 29 May 2026, the Presidency issued a further revised compromise proposal[6].

Since the proposed Regulation is part of the package of proposals linked to the MFF, all the provisions in the initial Commission proposal with budgetary implications or which correspond to the elements that form part of horizontal negotiations on the MFF have been bracketed and are therefore excluded from the partial general approach pending further progress on the MFF. These provisions appear between square brackets in the text.

In addition, the Presidency has introduced under Article 21 a percentage of the EU guarantee under the EU compartment of the ECF InvestEU Instrument to be granted to the EIB Group and a minimum percentage of contributions from the indicative amounts for the four policy windows to be delivered through the ECF InvestEU Instrument. As these two additions are dependent on the horizontal negotiations on the MFF, square brackets have been added around the relevant percentages, which are therefore also excluded from the partial general approach pending further progress on the MFF.

Provisions relating to the association of third countries in the defence and space policy windows in Articles 50 and 65(5), which require further discussion, are not covered by this partial general approach and are therefore placed in round brackets.

12. On 10 June 2026, Coreper discussed the revised compromise proposal, with a view to preparing the file for the subsequent adoption of a partial general approach by the General Affairs Council on 16 June 2026. While many delegations expressed broad support to the Presidency compromise text, some Member States requested additional modifications.

13. The Presidency therefore decided to introduce a limited number of targeted amendments which can be found in document 10443/26.

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6 9914/26.

IV. AMENDMENTS PROPOSED BY THE PRESIDENCY

14. The latest amendments introduced by the Presidency in document 10443/26 are, for ease of reference, also set out in ANNEX 1 to this note and include the following:

    a) a clarification of the **types of threats to the Union's critical value chains and infrastructure**, which can be addressed through investments funded by the ECF ("including cyber or hybrid threats, such as sabotage or disinformation"), in Article 3(1)(b);

    b) an alignment of the **provisions on partnerships** in Article 12(11) and in recital 13 to ensure consistency with the forthcoming Horizon Europe research framework programme;

    c) as regards the ECF InvestEU Instrument, the addition of a new Article 24a allowing for **combinations of portfolios** across EU programmes as a way to increase the efficiency of the EU guarantee through diversification;

    d) the addition of "**access rights**" to the title of Article 54, supplementing "ownership of results", in order to clarify the content of the Article;

    e) the alignment of the role of the **European External Action Service** (EEAS) at the meetings of the Defence Industry Committee to the role of the European Defence Agency (EDA), as set out in Article 83(8).

15. A few clerical errors were corrected, resulting from an early preliminary legal-linguistic revision. They are listed in ANNEX 2 to this note.

V. CONCLUSION

16. The Permanent Representatives Committee is invited to confirm the compromise proposal set out in document 10443/26 and to recommend that the Council (General Affairs) adopt a partial general approach on the proposal for a Regulation on establishing the European Competitiveness Fund at its meeting on 16 June 2026.

PUBLIC

ANNEX 1

Amendments proposed by the Presidency

Article 3(1), point (b)

(b) reducing or preventing the Union's strategic dependencies and reinforcing the Union's resilience, sovereignty and economic and energy security, including through diversifying sources and markets, circular use of resources, supporting the ramp-up of the Union's production of strategic technologies and creating, strengthening and safeguarding critical Union value chains and infrastructure, including against all types of threats**, including cyber or hybrid threats, such as sabotage or disinformation**;

Article 12(11) – *alignment to Horizon Europe text on partnerships*

(11) Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through European Partnerships, pursuant to the rules established under Article 11 of the Framework Programme for Research and Innovation, and identified and agreed in close cooperation with Member States~~, in particular by entrusting budget implementation tasks, in accordance with Article 62(1), point (c) of the Financial Regulation, to existing or new joint undertakings established pursuant to Article 187 TFEU. Support from the ECF shall be conditional upon efficient use of Union financing and the matching of contributions from other partners at least equivalent in value of the Union's financial contribution. Voting rights shall be stipulated in the partnership's Establishing Act, ensuring protection of the interests of the Union in the partnership~~.

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Recital (13) – *alignment to Horizon Europe text on partnerships*

Cooperation between public and private sectors can benefit European competitiveness and leveraging private investments is necessary to complete the objectives of the ECF. Therefore, it should be possible to implement parts of the ECF budget through European Partnerships together with other partners, public or private actors, where this is the most effective implementation form to achieve the policy objectives, notably for the market deployment activities. **This option encompasses partnerships under the MFF 2028 – 2034, as well as partnerships established under the MFF 2021 – 2027 that continue to operate during the transition phase.** In view of fostering synergies and efficiencies, European Partnerships should follow a strategic, portfolio-based approach to enhance coherence, ensure complementarity and optimise the use of Union resources, taking into account their contribution to the competitiveness objectives under this Fund. Therefore, a coherent and complementary portfolio of a limited number of European Partnerships should be selected in a transparent, open and competitive process based on a set of quantifiable lifecycle criteria.

New Article 24a

Combinations

1. **Support from the EU guarantee under this Regulation, Union support provided through the financial instruments established by the programmes in the previous programming period and Union support from the EU guarantee established by Regulation 2015/1017 and by Regulation 2021/523 may be combined to support financial products implemented or to be implemented by the implementing partners under this Regulation.**

2. **The EU guarantee may be granted to cover financing and investment operations eligible under this Regulation for the purposes of combinations and it may cover losses in relation to financing and investment operations covered by the combined support.**

Article 54 title – *alignment of title with content of the Article*

Access rights and ownership of results

Article 83(8)

(8) The **EEAS and** EDA shall be invited to attend the meetings of the defence industry committee as an observer and to provide its views and expertise in the work of the committee. ~~The EEAS shall also be invited to assist in the work of the defence industry committee, whenever its expertise and views are useful for the work of the committee.~~

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ANNEX 2

Clerical errors corrected

Recital (2)

Footnote 4: Communication from the Commission to the European Parliament, ~~the European Council,~~ the Council, the European Economic and Social Committee and the Committee of the Regions, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final, 26.2.2025.

Footnote 7: **Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The road to the next multiannual financial framework, COM(2025) 46 final, 11.2.2025.**

Recital (29b)

Dependency on third countries high-risk suppliers in critical sectors could pose a strategic risk of foreign interference and jeopardise the Union's security, resilience and sovereignty. The Cooperation Group established under Directive (EU) 2022/2555~~1~~[1], (…)

Recital (38a)

(…) Existing measures with the highest success rate among new entrants and SMEs, such as vouchers, have been hindered by the ceiling on financial support, which should therefore be raised for the space ~~section~~ **sector**. (…)

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Recital (70)

To provide implementing partners with broader access to the ECF InvestEU Instrument, the Commission should be able to conclude agreements in indirect management with all categories of entities listed under Article 62(1), point (c) **of the Financial** Regulation ~~(EU, Euratom) 2024/2059~~.

Article 51(1)

1. In addition to fulfilling the eligibility criteria provided under Article 9 of this Regulation, recipients of Union funding under this Section shall fulfil the conditions referred to in paragraphs 2 to ~~17~~ **15a of this Article**.

Article 51(15a)

15a. Except for actions referred to in Article 44**(1)**, points (b) and (ea), Union support may also be granted to actions carried out by a SEAP established in accordance with Regulation (EU) 2025/2643.

Article 59(3), point (h)

(h) new global stand-alone value added search and rescue services (SAR), including potentially for authorised governmental users, and global SAR **services** contributing to the international Cospas-Sarsat system, to detect distress signals and integrate return communication capabilities to support rescue operation;

Article 61(2), point (c)

(c) the integration, into the IRIS²~~,~~ system**,** of the European Quantum Communication Infrastructure (EuroQCI), (…)

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Article 75(3), point (ba):

(ba) (…), by fostering a stable long-term environment, by developing appropriate synergies between the applications **of** various components and by ensuring complementarity, consistency, synergies and links between the components under this Section and other Union actions and programmes;

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