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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], with a view to its approval in Coreper on 10 June 2026 and the subsequent adoption of a partial general approach by the General Affairs Council on 16 June 2026.

12. 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.

13. 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.

III. STATE OF PLAY IN THE EUROPEAN PARLIAMENT

14. The European Parliament has referred the file to the Committee on Industry, Research and Energy (ITRE), which has appointed Christian Ehler (EPP, DE) and Dan Nica (S&D, RO) as co-rapporteurs. The rapporteurs' draft report was issued on 20 April 2026 and was presented at the ITRE meeting on 6 May 2026, formally launching the Committee's substantive scrutiny and amendment phase. The adoption of the final report by ITRE is currently foreseen for 10 September 2026, with a vote on the European Parliament's negotiating mandate by the Plenary expected at the session on 19-22 October 2026.

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6 9914/26.

IV. MAIN ELEMENTS OF THE PRESIDENCY COMPROMISE TEXT

15. The main elements of the compromise text can be summarised as follows:

a) The proposed **governance** model shows a clear strengthening and structuring of the Council's and the Member States' involvement across all stages of the implementation cycle. The examination procedure has been added for all comitology procedures. Furthermore, it is proposed that the ECF General Committee play an additional role outside of comitology, whereby it would advise the Commission on relevant topics and on the overall strategic direction of the ECF. Many provisions have been adjusted to make the text clearer in terms of the delegation of powers to the Commission, while still maintaining the necessary flexibility of the ECF.

At **strategic level**, Member States would play a central role in priority-setting through the provision of input at an early stage on the overall strategic direction for the ECF taking into account all relevant elements, including long-term competitiveness trends and areas of market failure, which the Commission must have regard to when drawing up an ECF multiannual strategic document.

At the same time, the ECF general objectives were further developed and a framework was added for setting general **award criteria** in the work programmes, depending on the form of EU support, which is closely linked to the general objectives.

b) The revised text clarifies **complementarities and synergies** between the ECF and other EU funds and programmes and their coordination. This concerns in particular collaborative research and innovation activities and other relevant topics in light of the close link with the forthcoming **Horizon Europe** research framework programme, including in terms of award and eligibility criteria, rules for association, evaluation committees and the link with the European Innovation Council.

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In order to ensure that the perspective of the Horizon Europe community on the priority setting for collaborative research and innovation activities implemented through ECF work programmes is duly taken into account, the proposed structure foresees **joint sessions** of the ECF General Committee in its strategic advisory role with the Horizon Europe Committee under Article 17b in its advisory role for agenda items relating to collaborative research and innovation, including on the part of their respective multiannual strategic documents that relates to collaborative research and innovation priorities, which must be taken into account by the Commission when implementing collaborative research and innovation activities.

c) The amendments concerning the proposed new **ECF InvestEU Instrument** aim to align key features more closely with the rules of the existing InvestEU Programme, while maintaining the ECF objective to specifically finance projects associated with higher risk. The EIB Group as an implementing partner has been given a stronger role, and the provisions on support for scale-ups have been made clearer.

d) Other Presidency amendments include a greater focus on **small and medium-sized enterprises** (SMEs) through additional elements in support of SMEs, in particular in work programmes and in dedicated calls, and incentives for crowding in and mobilising private capital.

With a similar intention, the provisions on the **ECF Project Advisory** and on **business support** were also expanded, improving the link between the expertise of the existing InvestEU advisory hub and the future EU for Business Network, while ensuring a stronger focus on establishing synergies with existing national structures and the provision of partnering opportunities, including for national contact points.

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e) The most important amendments relating to the **defence industry** policy window include a new provision that aims to ensure stronger ownership and control on the part of Member States as far as the award decisions under that section are concerned ('double comitology'). Furthermore, several important changes were made to ensure continuity and consistency with the existing defence industrial acquis, in particular the European Defence Industry Programme (EDIP).

It has also been clarified that the development of fuel storage and accompanying systems falls within the scope of the ECF.

f) In the **space** policy window, major amendments were made concerning the new **Earth Observation Governmental Service (EOGS) sub-component**, where the text clarifies the stepwise approach of, first, pooling and sharing resources, second, carrying out a gap analysis, and third, on this basis, having the Council decide on the development of a satellite constellation. The text also includes new provisions on the participation to EOGS and on the essential role of the European Union Satellite Centre in the provision of data and services.

Further changes include clarifications on the services, activities and requirements for the various components or sub-components, on establishing the expected performance levels of the operational services provided by those components, and on the role of the European Space Agency.

V. CONCLUSION

16. The Permanent Representatives Committee is invited to confirm the compromise proposal set out in document 9914/26 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.

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