



DIGITALEUROPE assessment of the proposal for a European Competitiveness Fund (ECF)

DIGITALEUROPE strongly supports a European Competitiveness Fund (ECF) that is closely linked to Horizon Europe (HEU). Europe does not have an innovation problem; we have a commercialisation and scalability problem; there is no time to waste for European-built private-sector digital and innovation capabilities.

This document expands on DIGITALEUROPE's existing position and amendments to the ECF and HEU proposals.¹ We welcome several improvements introduced by the Council to the Commission proposals, including changes to prioritise critical technologies across all four ECF funding windows, to align rules across ECF and HEU, and to strengthen support for commercialisation and deployment.

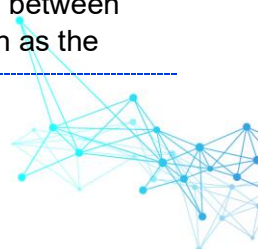
With negotiations ongoing, this document summarises positive developments, areas requiring further clarification and emerging concerns. The annex contains a comparison of key features of the two funding programmes in the respective Commission, Council and Parliament positions as of early May 2026.

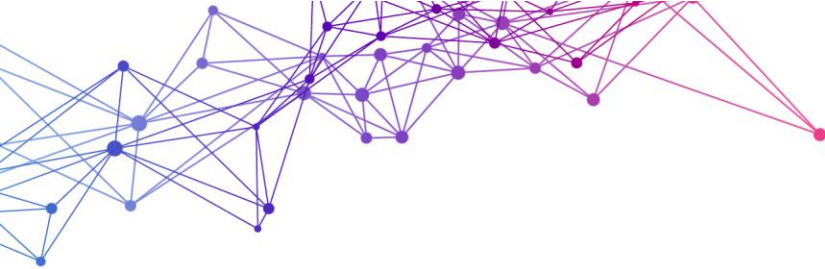
The ECF is part of the 2028–2034 Multiannual Financial Framework (MFF). The European Parliament is currently examining the ECF proposal. A committee vote is expected in September and a plenary vote in October 2026. The Council is working to finalise a partial General Approach by June 2026, with the work continuing under the Irish Presidency during the second half of the year. Interinstitutional negotiations between the Parliament, Council and Commission are expected to start towards the end of 2026.

DIGITALEUROPE welcomes:

- ▶▶ **Clearer allocation of funding for digital priorities across the ECF windows:** The Parliament report provides greater clarity on spending beyond the dedicated digital leadership window. This includes: €14.73 billion for the digitalisation of energy infrastructures, €4 billion for digital health systems and the implementation of European Health Data Spaces, €54 billion for defence and security and €10 billion for critical raw materials. These investments are essential for developing and scaling of critical technologies and not least next-generation of dual-use and defence technologies. (See Annex 2 for full EP proposed budget lines).
- ▶▶ **A more focused definition of competitiveness:** Restricting the scope of the ECF to competitiveness understood as *“the ability of European companies to compete successfully in global markets”* provides greater clarity. The proposed definition further specifies that this requires a level playing field for European industry vis-à-vis global competitors, including through improved investment conditions, higher productivity, stronger innovative capacity and increased long-term public investment (Art. 2, EP ITRE report).
- ▶▶ **Dedicated funding for skills development:** The Parliament's proposal to allocate 3% of the Competitiveness Fund to upskilling and reskilling is a welcome step towards addressing Europe's digital skills gap. To maximise impact and build on previous EU investments, funding should prioritise the scaling, adaptation and wider adoption of proven programmes and frameworks already developed through EU-funded projects, including AI and cybersecurity curricula, micro-credentials, training programmes and competence frameworks. These should be deployed as harmonised learning pathways across technical and business universities, vocational education and training providers, and lifelong learning systems throughout Europe. The funding should also help bridge the gap between academia and industry, including through research and talent development initiatives such as the

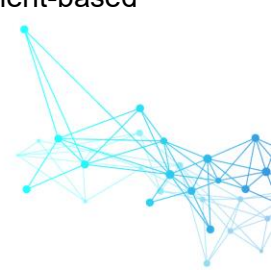
¹ DIGITALEUROPE amendments to the Competitiveness Fund and Horizon Europe; available at: <https://www.digitaleurope.org/resources/amendments-to-the-competitiveness-fund-and-horizon-europe/>





Marie Skłodowska-Curie Actions under the next Framework Programme, thereby strengthening Europe's long-term competitiveness, resilience and technological capacity.

DIGITALEUROPE cautions against:

- ▶▶ **Unnecessary divergence of rules and priorities between ECF and HEU:** The Parliament's draft position would further separate the two programmes, including separate work programmes, governance structures and rules. This risks undermining the objective of strengthening the commercialisation and industrial uptake of European research, while creating uncertainty regarding the interaction between the two funding instruments. DIGITALEUROPE supports the Commission's objective of establishing a close link between HEU and ECF through coherent rules, aligned programming and complementary governance structures. Both instruments should remain closely connected, although they serve different purposes. Lower-Technology Readiness Level (TRL) research activities require a more bottom-up, science-driven approach. Higher-TRL deployment and scale-up activities require stronger industry leadership and more market-oriented prioritisation. Governance structures should reflect these different objectives while ensuring coordination between HEU and ECF.
 - ▶▶ **Overly complex governance structure:** Additional governance bodies, such as the new layers of expert councils, proposed by the Parliament (Amendments 145/146 to Art.14 ECF), are a positive signal towards stakeholder involvement, but risk adding administrative complexity and could limit meaningful industry participation in the design of work programmes. Industrial policy priorities and higher-TRL activities cannot be effectively steered through a purely R&D-driven logic or by research stakeholders alone. Governance structures must therefore ensure strong and operational involvement of industry, scaleups and technology leaders, particularly in identifying market-relevant priorities, deployment needs and scale-up opportunities. The overall governance model should remain streamlined, impact-oriented and focused on accelerating the commercialisation of European innovation.
 - ▶▶ **A potential weakening of the role of Strategic Stakeholders Board:** DIGITALEUROPE supports the establishment of stakeholder bodies, provided they ensure strong representation of industry, scaleups, and technology leaders and play a meaningful role in defining funding priorities. To be effective, their primary role must be impact-focused and closely connected to industrial and market realities. DIGITALEUROPE supports preserving the Board's original role under Article 14 ECF, including advising on long-term competitiveness trends, market failures and investment priorities. At the same time, stakeholder involvement must also be operationalised effectively in practice, ensuring that industry expertise directly defines the design and implementation of higher-TRL and deployment-focused activities.
 - ▶▶ **Unclear and potentially restrictive EU preference requirements (Article 10 ECF):** The Commission proposal introduces broad and unclear EU preference requirements. The scope and objectives of these criteria should be clarified in the law to avoid discouraging participation in collaborative projects, which would limit Europe's ability to scale critical technologies. Restrictive conditions could particularly affect startups and scaleups in cyber and deep tech, which often rely on international R&D ecosystems and non-EU investment. A balanced and transparent approach to EU preference is needed to strengthen strategic autonomy while maintaining openness and merit-based funding.
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Whereas it is desirable to keep innovation in Europe boosting our capabilities, provisions such as the 5-year restriction on transfers of data, IP and project results (Article 10.2b) risk delaying innovation cycles, slowing lab-to-fab transfers and discouraging likeminded foreign investment and participation in ECF projects. To accelerate the development and scale-up of next-generation technologies in Europe, innovators must be able to leverage global talent, international R&D ecosystems and cross-border investment, potentially already creating the first international market footprint.

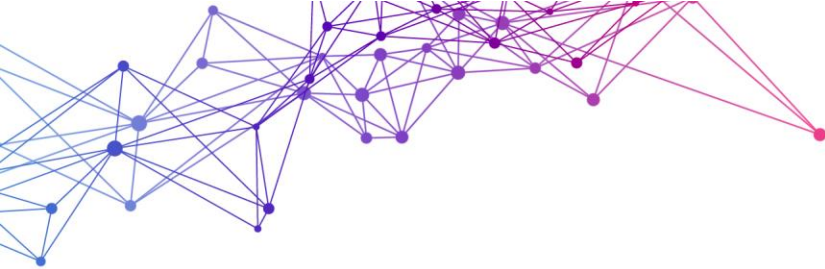
Therefore, these measures should remain targeted, proportionate and transparent for companies. Security considerations should be balanced with technical performance, innovation capacity and competitiveness objectives. EU preference measures should be targeted to specific non-likeminded nations, proportional and only used in highly sensitive areas.

Issues requiring further clarification:

- ▶▶ **Adoption of work programmes:** The scope of work programmes (joint coverage of HEU and ECF vs. separate programmes) and the process for their creation and adoption require further discussion. This includes the proposed shift from implementing acts to delegated acts (as suggested by Parliament).
- ▶▶ **New instruments linking ECF and HEU:** While the Commission proposal ensures strong links between the programmes, the Parliament introduces 'Horizon Pathway Actions' as a new legal instrument and places emphasis on Joint Undertakings as a tool for industrial policy support. This initiative is welcome, but greater clarity is needed on how these calls and instruments would be used, particularly regarding deployment, commercialisation, scaling, licensing and standardisation of Horizon-funded results.
- ▶▶ **Award criteria should be market oriented for a fund addressing competitiveness:** Ongoing discussions in both Council and Parliament suggest a possible shift towards including geographical balance as an award criterion. For a competitiveness-oriented instrument, technological excellence alone should not be sufficient. Selection criteria should also reflect factors commonly assessed by professional investors, including executive management experience, commercialisation potential, scalability, business model robustness, capacity to attract private investment, contribution to EU strategic objectives and security, and the ability to deliver measurable outcomes against clear performance indicators.²

These principles should also be reflected in a simple, predictable and business-friendly application process, with a maximum of five core criteria, a three-month turnaround from application to funding award decision and 30-day rapid payment of awarded funding. To ensure the fund reaches the most promising companies, it should also proactively identify high-potential applicants and raise awareness of funding opportunities, rules and procedures in cooperation with industry and university associations.

² See DIGITALEUROPE, Creating a Market for Scale & Innovation: Incentives to Power Europe's Tech Leadership, available at [DIGITALEUROPE-INCENTIVE-REPORT-FINAL-WEB.pdf](#)



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About DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory and investment environment that enables European digitalising businesses across multiple sectors and citizens to prosper from digital technologies. We wish for Europe to grow, attract and sustain the world's best digital talents, investment and technology companies. Together with our members, we shape industry positions on all relevant policy matters, and contribute to their development and implementation. Our membership represents over 56,000 businesses who operate and invest in Europe. It includes corporations and scaleups who are global leaders in their field of activity, as well as national trade associations from across more than 30 European countries.

