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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	11770/1/25 REV 1
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, and amending Regulations (EU) 2021/696, (EU) 2023/588, (EU) [EDIP] *- Progress report*

I. INTRODUCTION

1. On 16 July 2025, the Commission transmitted the above proposal[1] for a Regulation to the European Parliament and to the Council.

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 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.

4. The Danish Presidency has requested the opinions of the European Economic and Social Committee, the European Committee of the Regions and the European Court of Auditors.

II. STATE OF PLAY IN THE COUNCIL

5. The Permanent Representatives Committee decided to set up a European Competitiveness Fund (ECF) subgroup within the Ad Hoc Working Party on the MFF.

6. During the Danish Presidency, 21 meetings of the subgroup have been organised to discuss the proposal, the impact assessment and several Presidency compromise texts.

7. The Danish Presidency structured the discussions as follows:

   a) the horizontal part (Chapters I, II and III) has been discussed thoroughly;

   b) the policy windows (Chapters IV to VII) have each been discussed twice;

   c) the bracketed articles and recitals have not been discussed in the ECF subgroup but have been referred back to the Ad Hoc Working Party on the MFF.

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[1] 11770/1/25 REV 1.

8. 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 a partial opinion[2] on 18 November 2025, which was taken into account in the latest Presidency compromise text.

9. The Danish Presidency has presented three Presidency compromise texts on the horizontal part and a first Presidency compromise text on the policy windows and the recitals.

III. PROGRESS OF THE WORK DURING THE DANISH PRESIDENCY

10. The examination of the **horizontal part** led to three compromise texts addressing the most pressing issues raised by delegations. These resulted in progress being made on several topics in the non-bracketed parts of the proposal.

11. The **general objectives** have been adjusted. The Presidency considers these adjustments to broadly reflect the requests from delegations.

12. Delegations had several wishes for the **specific activities** of the policy windows. The Presidency took all comments into consideration and presented a first compromise text on the four policy windows and the related specific objectives.

[2] 15548/25.

13. There were broad reservations regarding the **governance of the fund**. The Presidency has pursued several avenues in order to cater for a stronger role for Member States. The examination procedure has been added for all comitology procedures. 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.

14. There were several requests to **make the Regulation clearer**. The Presidency's latest compromise text has made the text clearer, more concise and better structured. In particular, the Presidency compromise text clarifies **complementarities and synergies** between the ECF and other EU funds and programmes and their coordination.

15. Delegations also requested that it be made clearer which rules apply to **collaborative research and innovation activities** and other relevant topics in light of the **link with the Horizon Europe Regulation**. The Presidency's compromise text clarifies this, including in terms of award and eligibility criteria, rules for association, evaluation committees and the link with the European Innovation Council.

16. Member States also required the addition of **general award criteria**. The Presidency's compromise text inserts a new Article 9a that sets out the framework for setting award criteria in the work programmes, where applicable, depending on the form of EU support. The framework is closely linked to the ECF general objectives in Article 3.

17. Many delegations asked for **administrative burdens** to be **reduced**. The Presidency's compromise text strengthens the relevant parts of the Regulation accordingly and avoids adding any elements that would create unnecessary burdens.

18. Delegations also asked for **greater focus on SMEs**. The Presidency's compromise text adds elements in support of SMEs, in particular in work programmes and in dedicated calls.

19. There were broad requests for more clarity in terms of the **ECF InvestEU instrument**. The Presidency asked the Commission for technical notes and arranged a technical seminar to bring clarity to the functioning of the proposed ECF InvestEU instrument. The Presidency's compromise text enhances the alignment with the provisions of the existing InvestEU Regulation; in addition, the EIB Group has been given a stronger role, and the provisions on support for scale-ups have been made clearer.

20. Furthermore, delegations called for a stronger focus on **crowding in and mobilising private capital**. The Presidency's compromise text strengthens the relevant parts of the Regulation accordingly.

21. In response to requests from delegations, the Presidency's compromise text clarifies the provisions on **ECF project advisory and EU for Business support**, improves the link between the expertise of the existing InvestEU advisory hub and the future EU for Business Network, and ensures a stronger focus on establishing synergies with existing national structures.

22. Finally, in response to requests to couple competitiveness investments with **social** investments and improve the social dimension of the text, the Presidency's compromise text strengthens the relevant parts of the Regulation accordingly.

IV. OUTSTANDING ISSUES

23. A number of **horizontal issues** have not been addressed as they are bracketed and have been referred to the horizontal Ad Hoc Working Party on the MFF in order for them to be resolved for all the MFF-related proposals in a consistent manner.

24. Many details in the horizontal chapters and some outstanding legal questions will still need to be discussed under the Cyprus Presidency.

25. On all the **policy windows,** a first Presidency compromise text has been examined on the basis of comments from delegations. The detailed provisions on the policy windows will be subject to further discussion in order to make progress with the drafting.

V. CONCLUSIONS

26. Tangible progress has been made in the technical examination of the proposal. The discussions on the horizontal elements are at an advanced stage and the examination of the policy windows and the recitals has begun.

27. The Danish Presidency has:

- ensured a stronger role for Member States;
- strengthened the focus on crowding in and mobilising private capital;
- limited the administrative burdens;
- strengthened the focus on SMEs;
- clarified the provisions on ECF project advisory and business support;
- ensured a stronger role for the EIB Group;
- introduced general award criteria;
- made the links with the Horizon Europe Regulation clearer;
- reinforced the provisions on synergies with other EU funds and programmes;
- improved the structure of several articles;
- provided a better basis for the upcoming discussions on the policy windows.

28. The ECF subgroup of the Ad Hoc Working Party on the MFF will continue its examination of the draft Regulation under the Cyprus Presidency.

29. The Permanent Representatives Committee is invited to take note of this progress report on the European Competitiveness Fund and to forward it to the Council.

30. The Council (General Affairs) is invited to take note of this progress report.