

The European Competitiveness Fund

EU long-term budget: Infosheet

Funding for Competitiveness: The New EU Investment Fund

Investing in industry, innovation and Europe's strategic autonomy

What is the European Competitiveness Fund?

The European Commission presented the proposal for the European Union's (EU) new long-term budget for 2028–2034, aiming for a simpler, more focused EU budget. One of the key changes is the merging of existing programmes into broader, more coherent ones, and the European Competitiveness Fund (ECF) is the largest example. It brings together more than a dozen existing funding instruments; among them the Innovation Fund, Digital Europe, EU4Health, InvestEU, the European Defence Fund, the EU Space Programme, the LIFE Programme and the SME strand of the Single Market Programme.

The ECF is designed to support the whole “investment journey”, from early-stage research through scale-up and industrial deployment, to manufacturing and infrastructure. The Commission has proposed a total of €234.3 billion for the ECF.¹ Together with Horizon Europe, which remains a separate programme but is closely linked to the Fund, this amounts to around €409 billion, or roughly 21% of the next EU budget.

The ECF is organised around four policy windows:

- Clean transition and industrial decarbonisation (€26.2 billion)
- Health, biotechnology, agriculture and the bioeconomy (€20.4 billion)
- Digital leadership, including artificial intelligence and advanced technologies (€51.5 billion)
- Resilience and security, defence industry and space (€125.2 billion)

Why does it matter?

This is the single biggest structural change in the next EU budget. Today, an organisation looking for EU support has to navigate more than a dozen separate programmes, each

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https://single-market-economy.ec.europa.eu/access-finance/european-competitiveness-fund_en

with its own rules, deadlines and application systems. The ECF replaces that with one rulebook and one entry point, and allows the EU to shift money between priorities during the seven-year period instead of fixing every allocation in advance.

It also marks a political shift. Competitiveness, security and strategic autonomy now absorb a far larger share of the budget than in any previous framework. This raises questions about which programmes receive less, how flexible spending is scrutinised, and whether smaller EU Member States and less developed regions will be able to compete for the money on equal terms.

EU context

Today, the EU is facing several crises and challenges: the Russian invasion of Ukraine, dependence on other regions for critical raw materials and key technologies, a widening innovation gap with the United States and China, the cost of the climate transition, and a change in the United States' approach to global affairs. The conclusion drawn by the Commission is that Europe invests too little, too late and too separately to keep up.

How will this be achieved? Through fewer and larger instruments: the European Competitiveness Fund as the main investment tool, Horizon Europe for research and innovation, the National and Regional Partnership Plans for cohesion and agriculture, and Global Europe for external action – all financed through the new long-term budget.

The ECF is meant to connect three stages of funding that are currently supported separately:

1. Research and innovation
2. Scale-up and first industrial deployment
3. Manufacturing, infrastructure and market rollout

What does this mean for you?

For **organisations**:

- One set of rules and a single application gateway, instead of a dozen programmes with separate portals and deadlines.
- Dedicated calls and work programmes for SMEs, which the Council of the EU's negotiating position reinforces.
- Support that can follow a project from research all the way to manufacturing, rather than stopping at the prototype stage.
- A far bigger envelope than the programmes it replaces.

For **citizens**:

- Investment in clean technology, health and biotechnology aimed at keeping production and jobs in Europe.
- Faster rollout of digital infrastructure and artificial intelligence capacity across the EU.
- A much stronger focus on security, defence and space, which takes the largest share of the Fund.
- Greater EU capacity to respond to supply shortages and crises, drawing on the lessons of the pandemic and the energy crisis.
- Fewer and simpler funding programmes.

What happens next?

All three institutions have now set out their positions, and the **ECF is among the most contested files** in the budget negotiations.

- **The Council of the EU** agreed on its partial negotiating position on 16 June 2026, covering the content of the Fund, but leaving the final figure for the wider EU budget talks.
- At the **European Parliament**, co-rapporteurs Christian Ehler (EPP, Germany) and Dan Nica (S&D, Romania) published their [draft report](#) on 20 April 2026, with committee and plenary votes expected in autumn 2026.
- The Irish Presidency is due to table its negotiating box in early October, ahead of the **European Council** of 15–16 October 2026, with an overall budget deal targeted for the end of the year.

Decisions taken in this process will shape:

- The size of the Fund: at the moment, €234.3 billion in the Commission proposal, €257.7 billion in European Parliament's draft report, and €264.4 billion in the European Parliament's Budget Committee's position;
- How independent Horizon Europe remains from the ECF's governance, which is one of the most disputed points;
- Whether funding is awarded on excellence alone, or whether mechanisms are added so that smaller and less developed Member States can take part;
- The balance between defence, space and security and the other three policy windows.

Want to learn more?

- [European Commission's page on the EU budget](#)
- [EU Funding & Tenders Portal](#) – for project applications
- Your [EUROPE DIRECT](#) centre
- [European Commission's page on the European Competitiveness Fund](#)
- [Council's position on the European Competitiveness Fund](#)
- [European Parliament's Legislative Train: the ECF file](#)
- [Timeline of the EU's long-term budget 2028-2034](#)
- [The European Competitiveness Fund and the New InvestEU: How to Make Them Transformational?](#)

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