

BUSINESSEUROPE



**BUSINESSEUROPE
POSITION PAPER ON THE
COMMISSION'S PROPOSAL
FOR THE 2028-2034 MFF**



KEY MESSAGES

01

The Commission's proposal for the 2028–2034 Multiannual Financial Framework (MFF) contains several provisions pointing in a competitiveness-friendly direction, at least in terms of the intentions expressed. However, many aspects of the proposals remain unclear, and some raise concerns. BusinessEurope appreciates the aim to simplify the structure of EU programmes, including reducing their overall number and pursuing a more efficient delivery of funding. The proposal's emphasis on improving accessibility for SMEs, enhancing stakeholder involvement for competitiveness-related programs, increasing flexibility in resource allocation, and strengthening performance tracking is also seen as a positive step forward by the European industry. Notably, resource constraints, partly driven by the need to repay NextGenerationEU (NGEU) liabilities, mean that the real increase in the next MFF compared to the current one remains limited: in terms of GNI, the funding for the new framework would rise from 1.14% under the 2021–2027 MFF to a proposed 1.26%, of which 0.11 percentage points are earmarked for debt servicing. This raises the need to prioritise resources towards those programs and actions that are more effective in increasing the Union's competitiveness. Finally, a timely agreement, possibly by the end of 2026, is essential to enable the effective adaptation to the new framework and ensure the prompt disbursement of funding from the outset of 2028.

02

On the financing side, BusinessEurope identifies two clear red lines. First, the introduction of new own resources through additional levies on companies, such as the proposed turnover-based contributions ("CORE"), must be avoided, as it would risk further undermining the goal of re-launching the EU's competitiveness. Second, any potential reallocations of revenues from the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM) should be avoided, given the EU competitiveness challenges. BusinessEurope believes that ETS and CBAM revenues should be explicitly earmarked to support the decarbonisation efforts, technological innovation and cost compensation measures of the companies that are already financially contributing through these mechanisms, otherwise they would just represent further business taxation.

03

BusinessEurope welcomes the proposal to establish a European Competitiveness Fund (ECF), consolidating a range of competitiveness-related programmes under a single rulebook. While the principles of merit and excellence should be safeguarded, it is fundamental to ensure that the ECF leads to the competitiveness and resilience of the EU as a whole and its effects are spread as widely as possible. The next Framework Programme for Research and Innovation (FP10) will be governed by a standalone regulation. The total proposed allocation of €362 billion (in 2025 prices), including €155 billion for FP10, represents a necessary increase in resources that should be defended, and potentially reinforced in the case of collaborative research, throughout the negotiations. This initiative could provide a vital support to the EU's resilience and innovation capacity, particularly if the main criteria for allocation of funding are open competition and excellence, privileging the quality and impact of the projects.

04

From a European business perspective, cohesion policy remains an important component of the EU's mission, balancing the needs for convergence with competitiveness. To effectively contribute to EU strategic objectives and regional competitiveness, cohesion policy under the next MFF requires adequate funding, and its funds should be increasingly targeted towards competitiveness. BusinessEurope appreciates, in principle, the shift towards a performance-based approach, as proposed in the National and Regional Partnership Plans (NRPPs), partially inspired by the model used for the Recovery and Resilience Facility (RRF), which could help increase the effectiveness of funding by linking disbursements to the implementation of specific reforms or investments. However, it is crucial that the targets and milestones used by the Commission to evaluate the Plans are closely aligned with the objectives and the geographical context

of the NRPPs projects. There are, however, concerns with the impact that the merger of the Cohesion Policy and CAP under a single envelop will have on cohesion, given that these policies do not share the same end objectives. Moreover, under the proposed scheme, transition and more developed regions risk being excluded from any form of support. To ensure results, it is very important that regions and social partners remain at the heart of the process. Strengthening private sector involvement, both in the design and implementation of the funds, would likely contribute to a more impactful cohesion policy. Moreover, BusinessEurope firmly supports the European Social Fund (ESF) remaining a standalone programme, as proposed. The ESF should be efficient and effective, with at least 50% of its resources earmarked for the development of skills and 15% for employer incentives to support workforce training. In this context, we welcome as an important step the Commission's recommendation of 25 November 2025 for a Council recommendation on human capital. This recommendation has the potential to underpin European semester related investments and reforms to increase the relevance of skills training to the labour market, thereby enabling a significant GDP increase in the long run.

05

The proposed allocation of €72 billion to the Connecting Europe Facility (CEF), especially for the largely increased funding for cross-border energy infrastructure and transport network, should be maintained throughout the negotiations, as it would enable a more resilient and interconnected Single Market. However, the risk of duplications and of crowding out private financing is a point of caution, together with the lack of a definition for "EU added value" for CEF-T.

06

The proposed boosted funding for enlargement and global engagement, with €177 billion earmarked for Global Europe, underscoring the EU's commitment to its strategic role and external partnerships, should be maintained. The shift to non-binding indicative allocations among the different policy windows, rather than fixed targets, is seen as a positive step toward more efficient resource use, if it doesn't undermine clarity or commitment stability.

WHAT DOES BUSINESSEUROPE PROPOSE?

BusinessEurope calls on the co-legislators, the European Parliament and the Council of the EU, to uphold, and possibly reinforce, the increased budget proposed by the Commission for ECF, FP10, CEF, and Global Europe throughout the negotiations. It is equally important to deliver on the commitments aimed at greater simplification, improved accessibility of programmes (including for SMEs), stronger and more effective stakeholder involvement in programme design, and increased flexibility to respond to emergencies or evolving technological trends. At the same time, necessary exceptions should be maintained where predictability is essential, particularly for certain investments and research projects. Several aspects of the proposal still require further clarification and refinement, as outlined in the following sections of this document.



HORIZONTAL ASPECTS OF 2028-2034 MFF PROPOSAL

GENERAL BUDGET

Resource constraints, partially due to NextGenerationEU debt repayments, limit the real increase in the MFF, requiring careful prioritisation of funding. The proposed rise in MFF funding from 1.14% to 1.26% of GNI, of which 0.11% is for debt servicing, highlights the need to concentrate funds on programs with the strongest capacity to enhance EU competitiveness. Given this context, BusinessEurope strongly advocates maintaining the reinforced allocations for the ECF, FP10, CEF, and Global Europe, as proposed by the Commission, throughout the negotiations, and potentially further reinforcing particular programmes. It is crucial not to abandon the ambition of an EU budget that strengthens the Union's economic competitiveness, drives innovation, deepens energy and transport interconnections within the single market, and reinforces Europe's global relevance. Moreover, the other complementary instruments within the MFF, such as the NRPPs, should be deployed within a framework that incentivises economic competitiveness and technological innovation.

SIMPLIFICATION AND ACCESSIBILITY

The intention to reduce the number of programs by grouping many existing ones under common headings and a unified rulebook, particularly through the creation of the ECF and the NRPP, is a welcome development in the Commission's proposal. Equally positive are the efforts to simplify the application process and the delivery of funding, including through targeted or streamlined actions, as well as the proposed simplification of data collection and audit for the NRPPs.

FLEXIBILITY

The proposed changes towards increased flexibility in funding allocation, aimed at making the framework more adaptable and resilient to potential shocks, as well as being responsive to emerging needs and technological trends, are strongly welcomed. This approach is reflected in the commitment to flexible budget allocation across policy windows within the ECF, alongside the pledge to maintain a minimum budget envelope to safeguard such flexibility. In the proposed NRPPs, greater flexibility would be ensured through a progressive allocation of funds, the possibility to revise plans, a flexibility margin of up to 25% of the Member State's contribution, and the establishment of a reserve (the "EU Facility") providing additional scope to respond to new priorities and crises. Similarly, under Global Europe, the introduction of an unallocated cushion to address emerging challenges and priorities is envisaged, together with a non-fixed budget allocation across pillars. While these efforts towards increased flexibility are welcome, they should be balanced with the degree of predictability required for the medium to long-term nature of certain investments and research projects.

STAKEHOLDER INVOLVEMENT

The MFF proposal moves in a welcome direction by promoting increased stakeholder participation. However, many aspects remain to be clarified, and certain programs lack meaningful stakeholder involvement. A key provision pointing towards enhanced participation is the proposed ECF stakeholder board, which envisages an active role for stakeholders in the steering and design of programs. Yet, the specific roles, responsibilities, and membership are still undefined. Regarding the NRPPs, the proposal indicates that stakeholders, alongside regions, local authorities, and civil society, should be consulted by Member States. Nonetheless, no explicit safeguards are provided to ensure their effective inclusion or influence. Under Global Europe, stakeholder involvement is limited to a potential "observer status." The role of stakeholders, such as businesses and business associations, is particularly important, as they bring first-hand market experience and expertise, especially in relation to emerging technological trends and potential shortcomings of the programs. Their involvement should be clearly defined and further reinforced.

PERFORMANCE TRACKING

BusinessEurope welcomes the proposed new performance framework, which introduces a single, harmonised system for monitoring and evaluating EU spending. It reduces and standardises the indicators considered for evaluation, and incorporates tracking of horizontal priorities such as climate, gender, and social objectives. Reporting is consolidated into one annual performance report, supported by a central online portal for public data access. To enhance the MFF's contribution to competitiveness, the proposed framework should pay proper attention to key elements such as the cost-effectiveness of programs and the efficiency of fund delivery.

OWN RESOURCES

Introducing new own resources through additional levies on companies, such as the proposed turnover-based contributions under "CORE," should be avoided, as they risk further undermining the objective of revitalising the EU's competitiveness. Any potential reallocations of revenues from the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM) should be avoided, given the EU competitiveness challenges. BusinessEurope believes that ETS and CBAM revenues should be explicitly earmarked to support the decarbonisation efforts, technological innovation and cost compensation measures of the companies that are already financially contributing through these mechanisms, otherwise they would just represent further business taxation. These principles are already well established in EU legislation and implemented both at EU level, for example in the Innovation Fund, and at Member State level through national policies. Moreover, two new instruments, Catalyst Europe and the Crisis Mechanism, would provide loans to Member States, financed by joint EU bonds and backed by the EU budget. Catalyst Europe (up to €150 billion) aims to support priorities such as defence, energy infrastructure, and strategic technologies. The Crisis Mechanism, as an extraordinary and temporary tool, would offer up to €400 billion in loans to address severe crises, emergencies, or threats, subject to Council and Parliament approval. It is expected to consolidate the existing instrument "Support to mitigate Unemployment Risks in an Emergency" (SURE), introduced during the pandemic to safeguard employment and income. BusinessEurope recommends that any possible future continuation of SURE under the Crisis Mechanism should be carefully designed and reconsidered in the light of the new social challenges. In any case, it should be avoided that the possible continuation of the instrument is perceived as a first step towards the mutualisation of unemployment insurance at EU level. To potentially consider financing additional instruments like Catalyst Europe and the Crisis Mechanism through joint EU debt should be measured for their impact on long term sustainability, in addition to supporting common European objectives. It remains essential that NextGenerationEU loan repayments are fulfilled as scheduled, and that further permanent debt instruments are carefully considered in light of their impact on the EU's fiscal framework.

NEGOTIATIONS TIMELINE

To ensure the timely delivery of funding from January 2028 and to allow the parties involved to adapt to the new structure of the MFF, such as the NRPPs and the ECF, the co-legislators should aim to conclude negotiations by the end of 2026.



EUROPEAN COMPETITIVENESS FUND (ECF)

INTRODUCTION

BusinessEurope considers that the new ECF, through its support for innovation, particularly in close-to-market phases, and its introduction of business-oriented support instruments, has strong potential to enhance European competitiveness. It should therefore be actively supported, clearly defended, and its structure and governance further clarified to ensure its effectiveness.

BUDGET AND STRUCTURE

The ECF totals €362 billion in 2025 prices (excluding the Innovation Fund), representing a welcome **168% increase** from an estimated €135 billion in the 2021–2027 MFF. The fund is organised into four pillars: Clean Transition and Industrial Decarbonisation (€23.2 billion + €35.5 billion from the Innovation Fund outside MFF), Digital Transition (€48.5 billion), Health, Biotech and Bioeconomy (€20.4 billion), and Resilience, Defence Industry and Space (€115.7 billion). It also includes €154.9 billion for FP10 and €9.7 billion (minimum) for InvestEU for competitiveness purposes. This rationalisation reduces the number of programmes, although the degree of flexibility (vs. ring-fencing) of spending windows remains to be clarified. BusinessEurope calls on co-legislators to firmly uphold, without dilution, the Commission's proposed increase to the competitiveness budget for Europe's strategic technologies and industrial sectors.

ALLOCATION OF FUNDING PRINCIPLE

To bolster Europe's global competitiveness, it is crucial that ECF funding be allocated through open competition, prioritising projects by following the criteria of excellence and highest relevance for European competitiveness. However, some geographical balance must be ensured. This principle should serve as the cornerstone for all funding decisions. In limited cases, exceptions to this principle, with targeted calls, for example with capacity building or resilience actions, and synergies with cohesion policy, ensuring a minimum degree of geographical balance, would be justified.

ALIGNMENT WITH HORIZON FP10

The alignment of ECF's policy windows with FP10 represents a welcome novelty in the new framework. Up to €60.2 billion (2025 prices) from the Pillar II of FP10 envelope is dedicated to supporting the research phase of the four ECF policy windows, while the ECF budget is designed to target the deployment phase and higher Technology Readiness Levels (TRLs), supporting the uptake of research results, with the aim of creating a seamless "investment journey" approach. Preliminary information, still to be clarified, also suggests that the ECF's resources could potentially be used to support directly research in defence and security projects. The Competitiveness Coordination Tool, included in the Competitiveness Compass, is intended to ensure synergy between FP10 and the ECF. Still, further clarification is necessary regarding practical coordination mechanisms, especially the role of the ECF's Stakeholder Board in the governance of FP10 Pillar II and the operational functioning of the Competitiveness Coordination Tool. Ensuring strong, coherent interconnections between the two programmes, in both governance and implementation, will be essential. It is equally important that the preparation of FP10 work-programme components related to R&I, even when aligned with the ECF's policy windows, remains led by industry actors.

CUMULATIVE FUNDING AND TOP-UPS TO IPCEIS

BusinessEurope is favourable to the proposal for the ECF and FP10 to allow combining and cumulating funds across its programmes or with other EU instruments, as it would enable the concentration of resources in high-impact projects (Art. 6). BusinessEurope also welcomes the provision allowing top-ups for Important Projects of Common European Interest (IPCEIs), conditional on national co-funding (and private co-funding for follow-on projects), thereby further reinforcing investment in strategically significant initiatives (Art. 19).

VOLUNTARY CONTRIBUTIONS FROM MEMBER STATES

BusinessEurope welcomes Art. 5 provision, stating that financial or non-financial contributions to the ECF may be provided by Member States (on top of EU institutions and agencies, third countries, international organisations, financial institutions, or other parties). These contributions would support the ECF's general objectives or be specifically directed to the InvestEU Instrument's budgetary guarantee and financial instruments. However, these contributions or any other complementary funding should not have any indirect impact on the allocation of ECF funding.

EU PREFERENCE

An "EU preference" criterion is introduced by the proposal, conditioning support through restrictions on controls, asset transfers, and supplies (Art. 10). Art. 11 opens participation to several third countries (e.g. EFTA/EEA, candidate countries, and neighbourhood policy states). Notwithstanding this flexibility, the possible impact of these limitations on companies is yet to be assessed.

GOVERNANCE

BusinessEurope welcomes the establishment of a Strategic Stakeholders Board to provide advice on implementation, competitiveness, and market failures (Art. 14), and in particular the inclusion of social partners in this steering body. However, greater clarity is required regarding the application process, as well as the Board's responsibilities and powers. In addition, BusinessEurope calls for meaningful industry participation in the proposed Competitiveness Coordination Tool and in the governance of the four ECF policy windows.

InvestEU

The budgetary guarantee ceiling for InvestEU rises to €62 billion in 2025 prices (with a 50% provisioning rate), from €26.2 billion (with a 40% provisioning rate) in the 2021–2027 MFF. A minimum of €15 billion will support InvestEU to be delivered through ECF, of which €9.7 billion is earmarked for support and non-thematic objectives, thereby strengthening the EU's ability to leverage investments and undertake more risks. The current guarantee allowed to mobilise €300 billion of investments in the EU as of December 2024 (with the objective to reach a total of €372 billion at the end of 2026); it is thus reasonable to expect a greater impact stemming from the proposed increased guarantee and provisioning rate. However, the current investment gap in the EU is estimated in Draghi's report original estimates at €750-800 per year, raising questions about whether the new InvestEU is ambitious enough to withstand such a challenge. The source of the remaining portion of the InvestEU guarantee (beyond the minimum €15 billion allocated from the ECF envelope) should be clarified. BusinessEurope understands that it may be drawn from various sources, including the ECF envelope itself, voluntary contributions from Member States, and allocations from other programmes.

MEASURES TO INCREASE EFFICIENCY AND FLEXIBILITY

The ECF proposal contains a number of initiatives meant to increase the flexibility and speed of deployment of the funding. The proposed "Competitiveness Seal" would help facilitate support for projects meeting defined conditions, including the possibility for Member States to provide further funding for awarded projects, with the chance of reallocating resources from the NRPP. By default, it would cover initiatives related to the Critical Medicines Act (CMA), the Critical Raw Materials Act (CRMA), the Net Zero Industry Act (NZIA) and other strategic initiatives (Art. 8). This would bring a welcome simplification of procedures. However, the potential disadvantage for industries falling outside its default scope should be assessed. Another welcome provision entails that industry-led consortia and SME partners may be backed through a two-stage bottom-up process aimed at boosting innovation and competitiveness: the so-called "EU tech frontrunners." The first stage would consist in an open call for expressions of interest in goods, works, or services that could enhance EU competitiveness; the second one entails support for analysis and the mobilisation of additional public and private capital (Art. 17). This approach would offer a flexible, agile, and market-oriented approach, enabling start-ups to scale innovations alongside established frontrunners, supported by funding instruments in both the ECF and FP10. Another provision ("production ramp-up actions") would allow, in exceptional cases, that funding may also cover production actions that started before



the proposal submission, if deemed essential for resilience or security (Art. 18). Furthermore, the proposed accelerated procedures for urgent or strategic projects (Art. 20) would allow direct invitations, simplified evaluations, or eligibility waivers, increased flexibility, and speed. These proposals, although positive in their intentions, should be accompanied by more information about their practical implementation to be assessed properly.

INTEGRATING THE “LIFE MODEL” INTO THE ECF RULEBOOK

The ECF rulebook should build on the positive experience of the Programme for the Environment and Climate Action (LIFE), using it as a model where calls under different policy windows finance proposals based on actual project needs, without predefined constraints on partnership composition. Depending on the nature and objectives of the project, support should be available both for consortium-led initiatives and for projects presented by a single beneficiary. The determining factor for the decision should not be the form but the substance and potential impact of the initiative. The positive experience of the LIFE Programme could therefore guide the future configuration of the ECF, particularly regarding the design of the calls themselves. LIFE calls are characterised by a high TRL, distinguishing them from other funding instruments. This approach facilitates the adoption of advanced technological solutions ready for application in real contexts. An additional advantage of the LIFE Programme is its bottom-up approach with non-prescriptive themes, directly addressing real innovation needs in line with European priorities. This flexible model enables the development of proposals emerging from concrete local needs, offering innovative and tailored solutions. These characteristics have encouraged business participation, stimulating the development of innovative and demonstrative projects that have had a tangible market impact. Such an approach could be included in the common rulebook and become transversal across all the policy windows of the ECF.

SKILLS DEVELOPMENT

BusinessEurope believes that the ECF should not allocate budgetary resources to the European Skills Guarantee initiative (Art. 30) at this stage, especially considering that a pilot project has already been announced within the Union of Skills. This pilot, which is set to be funded this year via the ESF, specifically through the Employment and Social Innovation (EaSI) strand, is still controversial and its outcome is uncertain.

SUPPORT FOR EXISTING INDUSTRIAL VALUE CHAINS

While the ECF often concentrates on new technologies, greater and more explicit attention should also be devoted to strengthening and future-proofing existing strategic industrial value chains.

OPENING TO DUAL-USE

BusinessEurope supports the opening to dual-use R&I in both ECF and FP10, provided it is underpinned by a clear legal and financing framework. Key elements for a successful implementation include: a common approach and definition of dual use in the context of R&I, drawing for instance on the EU Regulation on the control of exports, brokering, technical assistance, transit, and transfer of dual-use items; a clear description of eligible beneficiaries and robust governance for managing mixed defence-civilian R&I funding; and the full maintenance of ethical considerations currently applied under the FP. It is also essential that this process effectively enables innovative SMEs and Small Mid-Caps to be integrated into European and global value chains, ensuring that dual-use innovation translates into concrete industrial participation and competitiveness across the entire ecosystem. In this context, an envisaged ‘DARPA’-like (“Defense Advanced Research Projects Agency” is a research and development agency of the U. S. Department of War responsible for the development of emerging technologies for use by the military) model, referenced among the recitals of the proposal to support defence and dual-use start-ups and scale-ups in coordination with ECF, InvestEU, EUDIS, and CASSINI, could play a valuable role. However, its practical implementation and the ability to take on high-risk investments remain uncertain.

SUPPORT FOR SMES, START-UPS, SCALE-UPS, AND SMALL MID-CAPS

SMEs, start-ups, scale-ups and Small Mid-Caps are essential engines of innovation, job creation, and competitiveness in the European economy. Therefore, BusinessEurope also provides a very positive assessment of the measures aimed at supporting companies with dedicated, sector-specific actions. (Art. 29), foreseeing dedicated SME actions and 100% funding rates; covering up to 100% of their total eligible costs aligns with best practices from previous framework programmes and reinforces the EU's commitment to an inclusive innovation ecosystem. Other positive measures include a provision advancing the possibility to include measures for scaling up value chains in ECF programmes (Art. 16), although details are still limited. A Project Advisory service is also proposed, to provide centralised support to SMEs, start-ups, and scale-ups in designing and financing projects (Art. 26). The proposed provision creating an EU Business Network aims to offer integrated business advice, market intelligence, and entrepreneurship support. In addition, a Beneficiary Service Desk would create a single electronic platform for participants (Art. 31), that aims at simplifying processes and improving accessibility.

HORIZON (FP10)

BUDGET

Although the Commission has proposed a substantial increase to the FP10 budget, an estimated 73% rise from €89.5 billion to €154.9 billion, or €175.3 billion in 2025 prices (Article 6), BusinessEurope argues that this remains insufficient and calls for a further increase in line with the Draghi report. FP10 will be organised into four pillars: (I) Excellent Science (€39 billion in 2025 prices; a 67% increase compared to the current MFF), (II) Competitiveness and Society (€67 billion; 34% increase), (III) Innovation (€34 billion; 172% increase), and (IV) European Research Area (€14 billion; 347% increase). Although the resources allocated to Pillar II have increased in absolute terms under the Commission's proposal, its relative share over the overall FP10 budget has declined to 43.3% from 56% in the previous framework programme, despite the crucial role of collaborative research in strengthening Europe's global competitiveness and industrial base. BusinessEurope therefore calls for Pillar II to be reinforced with additional resources in complementarity with the ECF, as its close connection with the deployment stage of any new technologies and solutions is paramount.

GOVERNANCE

On top of what was already mentioned in the ECF section, concerning a central industry role in strategic bodies like the Competitiveness Coordination Tool and the ECF's Strategic Stakeholders Board, BusinessEurope also calls for an active participation in thematic platforms, the European Innovation Council (EIC), and the European Research Council (ERC). Certain aspects should still be clarified, for instance, how the newly proposed ECF Stakeholder Group would influence the governance of FP10 funding for competitiveness objectives.

FUNDING INSTRUMENT

Available tools include grants, prizes, procurement, non-financial donations, and financial instruments. Budgetary guarantees or financial instruments will be provided through ECF's InvestEU, while grants will rely on simplified approaches such as lump sums and unit costs for personnel (Art. 10). This diversity of financing instruments creates uncertainty regarding how collaborative research can be financed and needs further clarification. For example, while lump sums can simplify processes, they may not always suit R&I, as they carry risks such as frontloading and reduced flexibility. A balanced approach that combines lump sums with the continued availability of cost-based reimbursement would better accommodate the diversity of projects and participants under FP10, while ensuring simplification.

Further specific comments on FP10 are available in a separate BusinessEurope position paper.



CONNECTING EUROPE FACILITY (CEF)

BUDGET

BusinessEurope welcomes the substantial increase in budget, passing from €31.4 billion in 2025 prices in the 2021–2027 MFF to €72.3 billion, representing a 130% increase. €30.1 billion is allocated to Transport, €15.7 billion to Military Mobility, and €26.5 billion to Energy. The Energy budget alone has increased fivefold, and Military Mobility tenfold. The proposed budget increase represents a positive step toward advancing EU strategic infrastructure and energy objectives and should be sustained. It is essential to preserve the allocated budget, given also the outstanding progress required to complete the trans-European transport network (TEN-T), adapt specific sections to strengthen military mobility, and support the development of projects within the trans-European energy network (TEN-E).

COOPERATION WITH THIRD COUNTRIES

BusinessEurope welcomes the possibility that CEF would allow participation from third countries, including non-acceding and non-neighbouring states, via association agreements that require EU oversight and acceptance of EU court rulings. This is positive, as it strengthens EU connectivity and competitiveness, including in peripheral and accession countries.

FORMS OF FUNDING

Funding would be provided through grants, prizes, procurement, and non-financial donations, with competitive bidding for cross-border renewable energy projects. These instruments aim to leverage investment and address market failures. However, BusinessEurope cautions against the risk of duplication and the potential crowding out of private financing. In addition, the absence of a clear definition of “EU added value” remains a significant concern in the context of CEF-T.

COMPLEMENTARY RULES FOR GRANTS

The proposal defines maximum support levels as follows: studies up to 50% of eligible costs; transport up to 50% (75% for countries with <90% EU GNI, 60% for outermost regions); energy up to 50% (75% for projects of common interest, 60% for outermost regions). Given the strategic importance of military mobility investments, if a project is particularly significant for the European military mobility infrastructure, the funding rate may, exceptionally, be increased in such cases.

MANAGEMENT

BusinessEurope supports the proposal for the CEF to be directly managed by the Commission, with likely delegation to the executive agency CINEA and indirect management via public law bodies. The continuation of this established practice is considered positive, as it provides assurance of effective and consistent implementation.

NATIONAL AND REGIONAL PARTNERSHIP PLANS (NRPPS)

BUDGET

The proposed budget for “Economic, territorial and social cohesion including fisheries, rural communities, and tourism” is €404.9 billion in 2025 prices, with at least €195 billion ring-fenced for less developed regions. According to a Jacques Delors Institute study, this corresponds to an estimated 15% decrease compared with the 2021–2027 MFF, while the CAP budget is expected to fall by around 10%.¹ No separate budget is specified for “strictly speaking” cohesion, while in the current MFF 2021–2027, €254.8 billion is allocated to “Regional Development and Cohesion”. Alongside the aforementioned budget, the Commission proposes a €64 billion instrument (of which € 7.7 billion for a flexibility cushion for emergencies) called “EU facility” for objectives such as supporting transnational and innovative projects, with a high EU added-value, which require additional coordination efforts at the EU level. It is also aimed at providing technical support to Member States to effectively implement their National and Regional Partnership Plans (NRPPs). The proposed flexible budget framework, while representing a potential step in the right direction in terms of the increased flexibility and favouring the allocation of resources to competitiveness-linked objectives, also raises concerns regarding the possible lack of safeguards for territories. While a ring-fenced budget is foreseen for less developed regions, even if not specifically to pursue the objectives of cohesion policy, the same is not true for other regions. BusinessEurope therefore calls for an adequate allocation of resources to the European Regional Development Fund (ERDF), ensuring support both for competitiveness-related objectives and for those specific to cohesion policy. In this respect, the introduction of a requirement for Member States to justify any reduction of up to 25% in the budget for transition regions and more developed regions could represent a safeguard, if specifically addressed to cohesion policy objectives. Furthermore, the introduction of a rural target could serve as an additional safeguard against the risk that greater flexibility in CAP allocation might lead to an excessively uneven playing field across rural regions in Europe. BusinessEurope also asks for more clarity on the budget allocated for the ESF. While in the NRPP proposal at least 14% of the total Union contribution and loans (€108 billion in 2025 prices) must go to social objectives, no specific amount is earmarked for the ESF itself. For reference, the ESF+ under the 2021–2027 MFF amounted to €92.3 billion (2025 prices). Therefore, we call for at least 50% of ESF resources to be dedicated to re- and up-skilling, with 15% of that reserved for employer training incentives, to meet the EU’s 2030 adult training participation goal. The lack of earmarking and specific allocation within the ESF introduces uncertainty regarding the prioritisation of skills development.

SIMPLIFICATION

The NRPP proposal includes a welcome aim towards rationalisation. The consolidation of different funds into a single rulebook could help streamline processes. However, it remains to be assessed whether this will result in a real simplification. Moreover, the need to reconcile a wide range of interests in defining the measures to be implemented will require substantial coordination efforts from Member States, a particularly demanding challenge for those with structurally limited administrative capacity. The initiative to streamline data collection and reporting for audits, along with the Commission’s move towards a single audit approach, represents another welcome step towards simplification. At the same time, further details are needed to enable an assessment of their practical implications.

COMPETITIVENESS FOCUS

The focus on competitiveness goals should be maintained through the negotiations, and it is crucial that an adequate amount of budgetary resources will be dedicated to competitiveness-related objectives. The proposal positively emphasises support for actions related to competitiveness and

¹ https://www.delorscentre.eu/fileadmin/2_Research/1_About_our_research/2_Research_centres/6_Jacques_Delors_Centre/Publications/20250731_Policy_Brief_Ripe_for_Reform_Hansum_Lindner_Redeker_Rubio.pdf



resilience, including in relation with net-zero and critical raw materials (CRM) technologies and support for SMEs (Art. 3). Also, BusinessEurope welcomes the possibility of allocating Cohesion funding to “competitiveness seal” projects and IPCEIs (Art. 22).

GOVERNANCE OF NRPPS

BusinessEurope sees in the stronger role assigned to Member States the risk of a reduced say on the plan by regions, local authorities, and social partners, potentially compromising the added value of the multilevel governance. While the intention to involve social partners in the design of plans is welcome, the proposal does not explicitly mention safeguards about their role (Art. 6). It is of crucial importance to clarify and guarantee the role of regions and stakeholders in the decision-making process of NRPPs, particularly in view of the proposal’s intention to introduce a conditionality criterion. BusinessEurope also calls for the full respect of the principles laid out in the European Code of Conduct on Partnership (Reg. 240/2014).

PRIVATE SECTOR INVOLVEMENT

Cohesion policy must better involve the private sector to improve the impact of structural and investment funds, an outcome which is supported by evidence and analysis. To achieve increased business participation, especially for SMEs and start-ups, BusinessEurope calls for simplified financing tools, targeted incentives, and stronger administrative efficiency to ease access for smaller firms. The current complexity, unclear objectives, and restrictive state-aid rules make cohesion funding unattractive to companies. Financial instruments could be improved with the support of the EIB Group, reducing grant dependency while reserving grants for high-risk and innovative projects.

CONDITIONALITY AND PERFORMANCE-BASED FUNDING

BusinessEurope considers that, while performance-based funding is positive if well implemented, this criterion should be used carefully. Assessing medium- and long-term projects on a short-term basis can be challenging, and the outcomes of the initiatives might also be influenced by factors beyond the project promoters’ control. BusinessEurope believes that the criteria used to evaluate the plans should be closely aligned with the regional challenges that cohesion policy is designed to address (Art. 21-25).

FLEXIBILITY

The NRPP proposal introduces welcome efforts to enhance flexibility, although it also raises certain concerns that merit further consideration. As indicated above, a €7.7 billion “cushion” is included in the EU facility for emerging challenges and priorities (Article 26). Moreover, increased flexibility would also stem from the possibility, for Member States, to request to amend NRPPs in case of crisis situations (Art. 34) and from mid-term reviews (Art. 25). BusinessEurope believes that an appropriate balance should be struck between predictability, essential for certain investments, and the flexibility required to respond to emerging needs. At the same time, we need to preserve the anti-cyclical nature of cohesion investments: cohesion policy must remain a stable, long-term investment framework, not a recurring tool for emergency responses. BusinessEurope is also concerned about possible downsides of the Member States’ flexibility in the allocation of funding between CAP and Cohesion objectives, particularly given the absence of a safeguarded amount for Cohesion, except for less developed regions. In this respect, the above-mentioned safeguards for transition and more developed regions could represent a possible and effective solution.

RELATIONS BETWEEN NRPP AND ESF

In the Commission’s proposal, the ESF is integrated into the NRPP while retaining its distinct identity. We welcome this approach, as we believe a dedicated EU financial instrument to support employment, inclusion, skills development, and the capacity-building of social partners must be preserved. At the same time, it is crucial to ensure that the instrument operates with maximum efficiency and effectiveness.

MANAGEMENT OF ERDF AND ESF

BusinessEurope welcomes the continued use of shared management between the Commission and Member States, as this provides the necessary flexibility to tailor national solutions. This approach is positive, as it enables Member States to design National Plans suited to their context while maintaining EU oversight. At the same time, it's important to preserve the added value of the multilevel governance, with a stronger role of regions in identifying the need of territories and implementing plans. Within the shared management approach, it is essential that social partners are consulted in a timely and meaningful way and have the possibility to discuss their programming priorities with the managing authorities.

ADMINISTRATIVE CAPACITY AND CAPACITY BUILDING FOR ERDF AND ESF

We need a stronger performance, accelerating implementation, and ensuring that programmes deliver real impact on businesses and territories. The current capacity-building approaches group social partners with NGOs, which risks overlooking the distinct role of social partners in the labour market and their specific capacity-building needs. BusinessEurope recommends a differentiated approach to ensure social partners receive adequate and prioritised support.

GLOBAL EUROPE

BUDGET AND STRUCTURE

BusinessEurope welcomes the proposed new budget of €177 billion (2025 prices), including €22.1 billion earmarked for Humanitarian Aid. Indicative allocations are as follows: Europe €38.2 billion, Middle East/North Africa/Gulf €38 billion, Sub-Saharan Africa €53.6 billion, Asia and the Pacific €15.1 billion, Americas and the Caribbean €8.1 billion, and Global €11.2 billion. Compared with the current MFF (€101.3 billion in 2025 prices, according to the secretariat's estimation), this represents a welcome increase of around 75%, which should be safeguarded. The shift toward greater flexibility, using non-binding "indicative amounts" rather than fixed targets, is positive, as it allows more effective resource allocation, provided it does not generate uncertainty or instability in commitments. The program's scope, covering humanitarian aid, pre-accession assistance, macro-financial assistance (except under the global pillar), resilience, competitiveness, crisis response, peace, and foreign policy needs, is also potentially positive. It enables targeted action across regions while seeking to align objectives with ECF priorities and broader EU strategic interests.

RULES AROUND GUARANTEES AND FINANCIAL ASSISTANCE

Maximum guarantees are set at €84 billion, with provisioning rates between 9% and 50% depending on the type of operation. Support for Ukraine, up to €42.5 billion with a 70% provisioning rate, reflects higher risk and provides a stronger risk buffer, and does not count towards reaching the €84 billion threshold. This approach is welcome, as it incentivises investment while acknowledging elevated risk.

THEMATIC SPECIAL INSTRUMENT FOR UKRAINE

BusinessEurope welcomes the creation of a separate €88.5 billion instrument under Global Europe to continue supporting Ukraine. This offers valuable flexibility, while also raising caution: loans financed above MFF ceilings and without provisioning entail moderate financial risk if Ukraine is unable to repay. It is therefore important that this aspect is managed prudently to safeguard stability.



CONTINUATION OF UIF

As part of the future MFF, it is also essential to ensure a long-term financing arrangement for Ukraine's reconstruction and for Ukraine's future EU membership. EU funding should continue to be directed to an investment programme, such as the existing Ukraine Investment Framework (UIF). Here, the focus should remain on guarantee and loan-based financing to enable the largest possible total investments in Ukraine. In addition to international development banks and national development finance institutions, export credit agencies should also act as channels for investment financing. This would accelerate reconstruction and ensure the participation of European companies in projects. Reconstruction carried out by European companies according to EU technical standards would significantly advance Ukraine's EU membership process.

ENLARGEMENT

BusinessEurope supports the gradual integration of candidate countries into parts of the Single Market and in EU programmes, provided it respects enlargement principles, safeguards the Single Market, and ensures benefits for current members. If implemented properly, this process can drive reforms in candidate countries and create early opportunities for European businesses. Gradual integration should be merit-based, with transparent assessments, and tailored to each country's different accession path. It should build on existing frameworks like the Growth Plan for the Western Balkans and the EU-Ukraine Facility and be linked to progress made under negotiations. Decisions should remain under Member State control, with the possibility of using qualified majority voting to be considered when clear criteria are met. Early involvement of the private sector will be essential to ensure effectiveness. On the budget side, new members are expected to be net beneficiaries, especially under cohesion policy and the CAP, potentially increasing the burden on some current contributors. The MFF must take enlargement into account while safeguarding core policies such as CAP, Cohesion, and competitiveness, including research and innovation. The impact of Ukraine's CAP integration should be assessed early, at the negotiation stage. Moreover, there should be a progressive plan for new members to start contributing to the EU budget while continuing growth-enhancing reforms after accession.

EMERGING CHALLENGES AND PRIORITIES CUSHION

A budget of €13.1 billion is earmarked for unforeseen needs, providing flexibility for the Union to adapt partnerships to emerging priorities. This is a welcome provision, as it would allow a rapid response to changing circumstances.

FORMS OF FUNDING

Global Europe would use grants, budgetary guarantees, blending, financial instruments, macro-financial assistance, policy-based loans, and capital participation in development finance institutions. The reduction of the quantitative target for reportable Official Development Assistance (ODA) from 93% under the previous NDICI-Global Europe instrument to 90% in the current one, combined with the possibility for the Commission to amend this percentage through delegated acts without reopening the regulation, could moderately expand the use of instruments designed to create direct market opportunities for European private sector actors. Direct grants without a call for proposals to private EU companies are also welcome to speed up the process, but they must also remain transparent to avoid procedural or legal risks.

GLOBAL EUROPE INVESTMENT BOARD

The Investment Board will guide the implementation of budgetary guarantees and blending, including representatives from the Commission, HRVP, Member States, and the EIB, with observers from partner countries and other stakeholders. While this provides additional guidance, the limited role for social partners ("observer status") is a concern. Active involvement of national Development Finance Institutions (DFIs) and public development banks is essential to align investment decisions with strategic priorities.

MANAGEMENT AND COORDINATION

Direct management by the Commission for parts of the proposal, complemented by indirect management through the EIB, EBRD, or EU Member States' organisations under the so-called "Team Europe" approach, provides flexibility while maintaining Commission oversight. The EU should better align the efforts of its financial institutions, including the EIB, EBRD, Member States' DFIs, and Export Credit Agencies (ECAs). Their activities are often fragmented, limiting efficiency and impact. A more coordinated approach would allow Europe to match competitors that offer large, state-backed support packages. Bringing ECAs formally into the Global Gateway framework and developing an EU Export Credit Strategy could help create larger, more comprehensive financing offers and strengthen Europe's ability to support trade in developing countries.

PROCUREMENT

The EU should ensure compliance with EU procurement standards in indirect management, to strengthen accountability; update tender rules by integrating quality and sustainability considerations alongside the criteria of technical feasibility and price; encourage International Financial Institutions (IFIs) managing EU funds to apply EU-compliant procurement rules; and prevent EU programmes from disproportionately benefiting third-country firms that do not act reciprocally in external financing rules.

SUPPORT FOR PROJECT PREPARATION

Establishing a European mechanism, managed through public cooperation and development agencies, to provide technical assistance and fund feasibility studies would help businesses assess profitability, sustainability, and compliance with EU standards. This would not only reduce risks for investors but also increase the quality and sustainability of projects, giving firms greater confidence to invest in developing markets. It may also foster more meaningful participation in Global Gateway projects.

ERASMUS+

BUDGET

BusinessEurope welcomes the proposal to increase the Erasmus+ budget from €26.2 billion to €40.8 billion, recognising that adequate funding, particularly for individual learning mobility, is essential, as it generates added value, including for companies. However, binding minimum allocations are needed, especially for vocational education and training, to safeguard the strategic core objective of learning mobility. The Commission's proposal currently lacks minimum funding commitments for specific objectives or educational sectors.

NATIONALLY MANAGED PROJECTS

The regulation should prioritise nationally managed projects and allocate financial preference to them, as they are more closely aligned with the needs of companies and educational institutions. This prioritisation should also be reflected in the overall budget.

TARGETED SUPPORT

Targeted support for companies, especially SMEs, is essential to enable more businesses to offer apprenticeships abroad. This should include accessible advisory services, simplified and user-friendly digital application procedures, and practical support during implementation.



BUSINESSEUROPE



BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic
Denmark	Denmark	Estonia	Finland	France	Germany
Germany	Greece	Hungary	Iceland	Iceland	Ireland
Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
Norway	Poland	Portugal	Rep. of San Marino	Romania	Serbia
Slovak Republic	Slovenia	Spain	Sweden	Switzerland	Switzerland
The Netherlands	Türkiye	Türkiye	Ukraine	Ukraine	United Kingdom



Avenue de Cortenbergh 168
 B - 1000 Brussels, Belgium
 Tel: +32(0)22376511 / Fax: +32(0)22311445
 E-mail: main@businesseurope.eu