

HORIZON EUROPE 2028–2034

POSITION PAPER OF THE FEDERATION OF AUSTRIAN INDUSTRIES (IV) (02/2026)

European industry lies at the heart of economic and technological progress within the EU. Faced with global challenges, such as geopolitical tensions, the digital and green transitions, and mounting international competitive pressure, targeted **investment in research, development and innovation** is of top importance for **safeguarding Europe's long-term competitiveness**.

Against this background, the **Federation of Austrian Industries welcomes** the **European Commission's proposals** for the establishment of a **European Competitiveness Fund (ECF)** and for the next **EU Framework Programme for Research and Innovation**, 'Horizon Europe 2028–34'. Both instruments offer an important and urgent opportunity to strengthen strategically relevant key technologies, expand innovation ecosystems, and thus retain value creation in Europe and drive forward transformations.

The Federation of Austrian Industries intends to further **actively monitor and contribute to the discussion and negotiation process** on the ECF and Horizon Europe 2028–34. In this position paper, it sets out its expectations, priorities, and recommendations to ensure that future EU instruments are designed to be effective, targeted, and coherent with industrial policy goals. One thing is clear: a **strong Europe requires a strong industry** – and to that end, ambitious and practice-oriented European funding instruments are essential.

Europe must intensify joint efforts to **close the innovation gap** with the US and China, particularly in the field of **key technologies**. Businesses, particularly in research-intensive sectors, maintain a **sustained commitment to long-term strategic R&D**, with a strong focus on the EU level. Crucially, cross-border and interdisciplinary **collaboration on research, technology development and innovation** within the EU Framework Programme underpins the global competitiveness of European companies.

As rightly emphasised by Enrico Letta and Mario Draghi, **closing this innovation gap** requires vigorously driving forward the **harmonisation of regulations, innovation promoting procurement, the Single Market, and the integration of EU product and capital markets** as essential levers for technology development and scale-up. Furthermore, a modernised EU **State aid framework** must be established.

PRIORITIES AND KEY MESSAGES

BUDGET – ORIENTATION – STRUCTURE

The Federation of Austrian Industries expressly welcomes the establishment of a **standalone Horizon Europe** (within the ECF), explicitly dedicated to research, technology development, and innovation along the entire innovation chain, and endowed with a **strengthened, ring-fenced budget** (155 billion Euro in 2025 prices or 175 billion Euro in current prices).

- The **objective** must remain – particularly in line with Draghi and Heitor – a budgetary envelope of **at least 177 billion Euro** (200 billion Euro in current prices) for the new Horizon Europe 2028–34, to decisively advance Europe’s position as a leading global hub for RTI.
- The **share of Pillar II** (‘Competitiveness and Society’) **must be increased** from the 43% of the total budget envisaged in the Commission’s proposal **to approximately 56%** (as in the negotiated outcome for Horizon Europe 2021–27).
- Two-thirds of R&D expenditure within the EU is borne by companies. The EU must make every effort to **retain and strengthen R&D-intensive industry within Europe**, ensuring it can compete effectively in the global technology race. Large enterprises that already invest heavily in R&D, which are key players in research, development, and implementation within Horizon Europe projects, must **not be burdened with additional barriers** such as lower funding rates or restrictions on contributions to EU RTI Partnerships. On the contrary, the aim must be to mobilise more companies to engage in RTI activities and investments.
- Furthermore, **leveraging and intensifying technology development and scaling** requires the **harmonisation of regulations**, innovation promoting **procurement**, a genuine European **Single Market**, and the integration of **EU product and capital markets**.
- The next EU Framework Programme must continue to place a **strong emphasis on excellence** – across the **entire innovation chain**, from basic research to applied research, as seamlessly as possible for the translation of ideas into robust technological solutions and marketable applications.
- To this end, Europe requires a **collaborative innovation ecosystem** consisting of a strong scientific base, highly innovative start-ups and scale-ups, robust applied research capacities via RTOs, and a strong, future-proof industry that invests decisively in RTI to commercialise R&D results.
- **Widening measures** cannot compensate for the low levels of R&D expenditure in many EU Member States, so it is primarily up to the Member States themselves to increase their R&D expenditure towards the 3% target. Particularly against this background, **RTI topics and measures** should be programmed and implemented much more strongly than before within the framework of the **Structural Funds** (in future: **NRPPs**).

PROGRAMMES / PILLARS

Pillar 1 and Pillar 3 – ERC and EIC

- In particular, the well-established **European Research Council (ERC)** plays an essential role in **excellent European frontier research** and in enabling scientific breakthroughs. Additionally, instruments should be created to significantly **intensify collaboration in basic research and enhance the transfer of results** into (European) industrial applications and value creation. Examples of this in Austria would include the formats of the **Clusters of Excellence** and the **Christian Doppler Laboratories (CDG)**.
- Pillar 3 and specifically the **European Innovation Council (EIC)** – which is enormously important in its fundamental intention – are vital in their core mission yet require further refinement. The EIC **must increasingly focus on partnership activities that bring together start-ups and large/established companies (matchmaking)** to utilise such collaborations as growth drivers for disruptive start-ups. Larger, **established technology companies** are, above all, strategically well-positioned in global value chains and serve as crucial **B2B partners or first customers** for the deployment of developed solutions.
- Crucial to the EIC's success in overcoming Europe's scale-up and commercialisation deficit will be the extent to which a **complementary, well-designed venture capital ecosystem** is implemented, alongside the **deepening of European product and capital markets** to leverage technology development from within Europe.
- Independent Programme Managers, like sort of **'ARPA'-elements for Europe**, should maintain a portfolio view of developments across Horizon Europe that extends beyond the EIC. In this context, it is crucial to empower existing institutions within the Horizon Europe framework to operate differently (speed, failure, learning, etc.) and to place innovation procurement at the core of the agenda

Pillar 2: Collaborative Research, Development and Innovation / EU RTI Partnerships

The Federation of Austrian Industries is thus **highly critical** of the fact that **Pillar II has recorded the lowest proportional budget increase**, and the share has sunk from 56% to 43%, despite its vital role in strengthening Europe's global competitiveness and its paramount importance for securing the industrial base.

- The objective must therefore be to **increase the budgetary share of Pillar II** to the level of the negotiated outcome for Horizon Europe 2021–27, i.e., **56%** of the total budget.
- The next Horizon Europe must continue to **prioritise** funding for **excellent cross-border RTI collaborations** with strong industrial participation.
- Furthermore, the **bridge between Pillar II and Pillar III** must be better defined and reinforced.



On a positive note, Horizon Europe 2028–34 continues to place a strong emphasis on the instrument of **EU RTI Partnerships**, which play a **crucial role** in delivering strategic, **long-term R&D agendas**, acting as a powerful **lever for developing and deploying new technologies**, tackling global challenges, and advancing industrial development.

However, it is a matter of critical concern that the Commission’s proposal for 2028–34 appears to **restrict options for participation** solely to a **financial contribution** to the initiative’s operating budget or to co-financing as a project partner.

- **Financial and/or in-kind contributions** directly linked to EU-funded projects **must continue** to be recognised as valid forms of participation in European RTI Partnerships. In-kind contributions enable companies to participate directly in EU RTI Partnership projects – only through this mechanism can **active collaboration** and genuine corporate commitment to the initiatives be generated, corporate participation secured, and **direct know-how transfer** guaranteed. Any displacement of companies would have a severely detrimental impact on Europe’s competitiveness.
- At the same time, **further clarity is required** regarding the proposed **simplification and streamlining** of EU RTI Partnerships – the long-term nature of these partnerships goes hand in hand with long-term commitments from the partners. In general, the objective of any streamlining process must not be limited solely to reducing the number of partnerships but must focus on improvements.

PILLAR 2 AND THE LINK TO THE EUROPEAN COMPETITIVENESS FUND (ECF)

Governance und Tools

The establishment of the ECF, alongside a standalone next Horizon Europe and the primary link formed by collaborative R&D in Pillar II, reflects a **necessary link of RTI and industrial policy** that is essential for Europe’s competitiveness. The introduction of **new instruments** such as the Competitiveness Coordination Tool, the Observatory on Emerging Technologies, the Strategic Stakeholder Board and thematic platforms (all set out in the Draft ECF Regulation) brings both opportunities and uncertainties.

- The **governance structures and joint programming** (work programmes and associated processes are set out in the Draft ECF Regulation) between the ECF and Horizon Europe **require greater clarity and transparency**. This is essential to avoid fragmentation and to ensure the effective management of funding for collaborative RTI. **EU RTI Partnerships** should also be **utilised for strategic planning**.
- It must be ensured that Horizon Europe **Pillar II is also programmed in the Horizon Europe Strategic Committee** in order to establish an **effective interface with the ECF General Committee**, to **anchor FTI expertise appropriately in the ECF**, and to avoid losing touch with Pillars 1 and 3 of Horizon Europe. Their respective modes of operation must be clarified in a timely manner, **and well-functioning EU RTI partnerships** should also **be used for strategic program planning** within the four major ECF policy windows and the associated programming.



- In the establishment of these **strategic bodies**, an **effective industry voice** concerning portfolios, programming, and **dynamic adjustment to the technological and business environment** must be **ensured** (analogous to the ,ERC’).
- Regarding Article 10 of the ECF proposal (**‘EU Preference’**), it must be clarified whether this is also intended to apply to collaborative projects in Pillar II of Horizon Europe, given that the specific implementation is to be defined via Work Programmes and calls for proposals. Article 10 of the ECF aims to foster the development and deployment of strategic technologies within the EU, thereby strengthening its economic, security, and technological sovereignty. Far-reaching restrictions of this nature will jeopardise corporate participation in collaborative projects under Pillar II. European companies operate within complex global value chains, which are often characterised by B2B relationships. Overly broad EU preference rules are unworkable in RTI projects and, moreover, run counter to efforts towards simplification.
- Article 20 **‘Accelerated and Targeted Actions for Competitiveness’** requires similar revision. It currently provides for the submission of proposals without prior calls in various, broadly defined cases, without further specification. Clear limits must be established for such instances to ensure full transparency in the awarding of funding without prior calls in exceptional cases.
- The tool **‘EU Tech Frontrunners’** (Article 17 – Draft ECF Regulation) with two-stage calls for ecosystems driven by leading companies represent a potentially interesting instrument that bears similarities to collaborative RTI consortia in Pillar II of Horizon Europe. Here too, greater clarity must be provided on the link to and/or delineation from Pillar II of Horizon Europe.
- The possibility of **IPCEI top-ups** – conditional on national co-financing – is welcomed.
- Regarding additional participation rules in the **Defence and Security** Industry, involving access and use rights by third parties, it must be ensured that these regulations do not extend in the same way to Horizon Europe projects (including dual-use R&D).
- Further **clarification** is needed as to how **Moonshot** projects are to be funded, the precise basis for selecting these 11 specific Moonshots, and whether there is scope for additional or alternative Moonshots.

Target Groups

Beyond the potential additional barriers for companies and particularly large enterprises in the next Horizon Europe, the **ECF also appears to place a heavy emphasis on SMEs, start-ups, and scale-ups**, whereas the **strengthening of the industrial base** is accorded comparatively **lower priority** or is not explicitly referenced at all.

While simplification and **support for SMEs and start-ups** are highly welcome, further measures that **hinder the participation of large industrial enterprises must be avoided**.

- To ensure the success of Horizon Europe and the ECF, the **participation of industrial companies of all sizes** must be **guaranteed and supported** through balanced rules.

- Large enterprises that **already invest heavily in R&D** – and which serve as key players in research, development, and implementation within Horizon Europe projects – must **not be burdened with additional barriers**, such as lower funding rates or restrictions on contributions to EU RTI Partnerships. On the contrary, the aim must be to mobilise **more companies** to engage in **RTI activities** and investments, particularly those that currently do so far too little. The consequence of such barriers would be a significant scaling back of R&D investments in Horizon Europe projects, with negative repercussions for entire RTI ecosystems. This would endanger knowledge and technology transfer—which still holds significant potential for expansion—and would run counter to the necessity of closing the innovation gap in Europe. Furthermore, **leveraging and intensifying technology development and scaling** requires the **harmonisation of regulations**, a genuine European **Single Market**, and the integration of EU **product and capital markets**.
- The ECF must become a vital **lever** for **strengthening European industry as a driver of growth** and as a key **strategic partner** for growth-oriented companies and SMEs.

SIMPLIFICATION AND IMPACT ORIENTATION

- **Lump sums:** To effectively support participants in Horizon Europe projects, a **range of flexible options** should be offered rather than a single default option (specifically lump sums).
- The **retention** of actual **in-kind contributions** by industry in projects is of paramount importance. Horizon Europe should not shift the nature of industrial contributions from in-kind to financial contributions, as this would displace industry from the programme due to the incompatibility with the business and accounting models of most companies.
- The envisaged **reduction in funding for profit-making large enterprises** within RIAs to a maximum of only 70% is **counterproductive**, fails to achieve simplification, and will have a negative impact on participation.
- **Flexibility of Programmes:** The move towards **less prescriptive** programming is welcomed. Programmes should be designed to be agile and phase-based, rather than relying on rigid, multi-year roadmaps. Should two-stage submission processes be implemented, consistency is paramount – i.e., a systematic progression from the first to the second stage must be guaranteed. Furthermore, longer project durations should be implemented – strategic R&D activities require formats that extend beyond annual call cycles.
- **Speed is key!** The proposed framework for **'time-to-grant'** (five months to notification of the evaluation outcome, seven months to the grant agreement; with the option for shorter periods to be set via Work Programmes) is explicitly welcomed. However, the timeframe for the actual disbursement of funds remains unspecified; this should be added to Article 26 [Article 26 – Draft HEU Regulation].

- **Impact Measurement:** A central monitoring tool should be established to gain a clear overview of the myriad reporting obligations covering project content – and above all, project outputs and impacts – and to leverage the know-how on projects and portfolios that is currently concentrated within the agencies.
- Securing a **modernised state aid framework**
- **Research and Technology Infrastructures** must have clearly defined access, operating, and funding models. Furthermore, governance and State aid rules must be designed to ensure the early involvement of operators and industrial users.
- Horizon Europe should deepen existing **international cooperation** with Associated Countries and remain open to new partnerships with strategic partners to contribute to competitiveness and excellence in research, technology development, and innovation.

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