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NOTE

From:	General Secretariat of the Council
To:	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] - Information from the Presidency

Delegations will find attached a Presidency note on progress made on the proposal for a European Competitiveness Fund, with a view to the Competitiveness Council on 8 December 2025.

ANNEX

PROGRESS MADE ON THE PROPOSAL FOR A EUROPEAN COMPETITIVENESS FUND

I. POLITICAL CONTEXT

The European Competitiveness Fund is a response to one of the major challenges that our industry has faced for years: the fragmentation and excessive complexity of the financing landscape in the EU. By consolidating existing instruments and streamlining administrative procedures, the European Competitiveness Fund will help to increase the EU's industrial strengths and contribute to a future-proof, innovative, secure, resilient, digital and green European economy.

From research to market deployment, from SMEs to large companies, from startups to scaleups, the EU is in dire need of risk capital to serve Europe's strategic priorities. As public funding will not be sufficient to close the investment gap with our global competitors, public spending must be designed to maximise the mobilisation of private capital wherever possible.

The European Competitiveness Fund is designed to support investments in the EU's changing strategic priorities and sectors for the emergence of startups and scaling up of European technological solutions. These ambitions and more have guided the work during the Danish Presidency of the Council of the EU.

II. STATUS ON THE PROGRESS

Tangible progress has been made over the last months. Particular attention has been paid to the horizontal provisions to achieve a broad backing of the overall direction of the proposal.

Significant adjustments have been proposed to strengthen the role of Member States, as well as the focus on crowding in private capital, on SMEs, the social dimension, on limiting administrative burdens, on business support and synergies with other Union funds, and by introducing general award criteria. Overall, the proposal has been given a clearer structure and unclarities have been reduced to make the European Competitiveness Fund work for businesses.

Many details are still to be discussed, including elements of horizontal nature being part of the European Council discussions. The remaining work will be in the safe hands of the incoming Cyprus Presidency.