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**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: AOB for the meeting of the Council "Competitiveness" (Internal Market, Industry, Research and Space) on 26-27 February 2026  
How to ensure an effective R&I priority-setting mechanism and decision process  
- Information from Spain, Austria, Hungary, Lithuania, Portugal, and Slovenia

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**HOW TO ENSURE AN EFFECTIVE R&I PRIORITY-SETTING MECHANISM AND  
DECISION PROCESS, CO-SIGNED BY SPAIN, AUSTRIA, HUNGARY, LITHUANIA  
PORTUGAL AND SLOVENIA**

The Commission's proposal for the next Multiannual Financial Framework (MFF), published on 16 July 2025, introduces a significantly new architecture with a strong emphasis on enhancing Europe's competitiveness. This approach reflects the evolving geopolitical context and aligns with the European Council's previous conclusions, as well as with the objectives set out in the Budapest Declaration on a New Competitiveness Deal. In this light, the European Union is called upon to address the innovation, competitiveness and productivity gap, with a view to positioning Europe as a global leader in research and innovation as well as at industrial level.

The Commission's proposal establishes a European Competitiveness Fund that is closely intertwined with the Horizon Europe programme. This new model represents a pivotal step towards, ensuring coherent and seamless competitiveness funding streams, while avoiding overlaps.

The Council is currently reflecting on the proposed governance framework and strategic orientation mechanism, with a view to providing greater clarity and predictability regarding the interlinkages between the ECF and Pillar II of Horizon Europe.

In this regard, a well-articulated **strategic priority-setting mechanism**, coupled with a **governance structure** that explicitly defines the respective roles, complementarities and interaction points between the two programmes, while fostering R&I and industrial capabilities and competitiveness, is a prerequisite for an EU policy that meets the objectives of the Budapest Declaration.

As stated in the Warsaw Declaration ‘the next framework programme should be designed in a way to provide long-term orientation to address the Union’s key challenges, and secure a stable and predictable framework to the R&I community’.

Consequently, the Participating Member States call upon [invite] the Council and its preparatory and advisory bodies to intensify and deepen discussions on both, the strategic priority-setting mechanisms and corresponding governance structures.

The Participating Member States are ready to actively contribute to such discussions in a timely manner.

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