EARTO Recommendations on EC Proposals for a European Competitiveness Fund and Horizon Europe

10 October 2025

EARTO, representing over 350 Research and Technology Organisations across 32 countries, has long been a trusted partner in building Europe's research, development, and innovation (RD&I) capacity. Our members, with their deep-tech expertise and collaborative capabilities, have been instrumental in turning European ambitions into tangible results, delivering a range of research and development activities in close collaboration with public and industrial partners of all sizes that drive industrial competitiveness and secure Europe's place in the global tech race.

The European Commission (EC)'s latest proposals for the next Multiannual Financial Framework (MFF) for 2028-2034, including the establishment of the European Competitiveness Fund (ECF) and new Horizon Europe, arrive at a moment of both opportunity and urgency. As Europe stands at a crossroads, it must respond with bold, coordinated actions to shape the continent's tech capabilities for decades to come. EARTO members have consistently demonstrated their value within the EU Framework Programmes, not only as participants but as leaders and conveners. Their involvement has amplified industry participation, fostered large-scale collaborations, and ensured that EU RD&I investments deliver maximum impact for citizens and industry alike[1].

EARTO members, as key actors of our RD&I ecosystem, welcome the EC's proposals for the establishment of the ECF and Horizon Europe, as well as congratulate the EC services for the extensive work performed to set up such proposals with the aim of simplification and efficiency in the EU policymaking and programming. We hereby aim to provide additional contributions to ensure that such a simplification is effectively geared towards beneficiaries. EARTO therefore calls on the EU institutions to recognise the following strengths in the EC's proposals:

- **The creation of the ECF, together with a stand-alone FP10/Horizon Europe dedicated to RD&I and featuring a strong collaborative RD&I component, reflects an integrated approach that links RD&I and industrial policies** - an approach repeatedly advocated by EARTO over the past years[2].
- **The commitment to a ring-fenced budget for RD&I, now set at €175.3 billion in the new Multiannual Financial Framework, is a vital step forward. It provides the stability and ambition needed to tackle Europe's most pressing challenges in terms of technology sovereignty in many key industrial sectors.** The €175.3 billion EC proposed budget for Horizon Europe is partly answering the calls of Draghi's report and Heitor's report: it builds on the successes of the previous Framework Programmes (FPs)[3]. We hope the Council and the European Parliament will protect this budget in the upcoming EU trialogue negotiations, avoiding any cuts.
- **The recognition of applied RD&I through pillar II[4] aligns with EARTO's long-standing call for stronger RD&I investments focusing on strengthening Europe's technology capabilities.** FP10 should further prioritise excellent cross-border collaborative RD&I with robust industrial participation. Pillar II, currently the only truly collaborative part of the FP, must be strengthened to enhance competitiveness and knowledge flow across sectors and research types[5].
- **The launch of the new European Research and Technology Infrastructures Strategy echoes EARTO's continuous voice for a more robust and competitiveness-oriented RD&I ecosystem[6].**
- **These advances, coupled with the continued support for EU industrial partnerships, including simplified joint undertakings,** are very welcome[7]. Streamlining and strengthening existing public-private RD&I partnerships with simpler, faster funding procedures would boost participation from large companies and their suppliers.

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[1] See EARTO Economic Footprint Report & Summary, EARTO Members' Participation in Horizon Europe, and EC report on Horizon Europe impact and its beneficiaries.
[2] See EARTO Reaction to the EU Competitiveness Compass and EARTO paper on the Next EU MFF.
[3] Since 2013, EARTO has also been constantly calling for a doubled and ring-fenced budget of FP10 to €200 billion.
[4] Pillar II of Horizon Europe receives an increase of €22.4 billion, representing a +42% rise in its total budget: See EARTO Analysis here.
[5] See EARTO Policy Recommendations 2024-2029: No EU Tech, No EU Competitiveness.
[6] See EARTO Press Release and EARTO Papers on TIs since 2019.
[7] See EARTO paper on EU Partnerships and RTOs Industry Joint Statement on FP10 with 115 signatories.

Yet, as EU Institutions now move into the critical EU trialogue negotiations phase, EARTO urges EU policymakers to address several unresolved issues that will determine the effective success of the reforms proposed by the EC.

Accordingly, EARTO would like to point out the following recommendations to the EU negotiators of those files:

- **While the proposed funding increase in collaborative RD&I within Horizon Europe's proposal is very welcome, the increase is lower than for the other pillars and represents a relative weakening. EARTO calls for an even more ambitious allocation restoring the target of 60% of Horizon Europe's budget to those collaborative RD&I activities, in line with Europe's strategic priorities in terms of technology sovereignty in various key industrial sectors and value chains**. According to the EC's own analysis, the EU invests 40% of its R&D funding in experimental development, while the USA and China invest, respectively, 68% and 83%[8]. As stated in Draghi's report, *"First – and most importantly – Europe must profoundly refocus its collective efforts on closing the innovation gap with the US and China, especially in advanced technologies."* Horizon Europe's New Competitiveness part will be essential to meeting this objective. However, currently only 43,4% of the EU RD&I budget is targeting investment in advanced technologies. This needs rebalancing by the EU negotiators.
- **Governance structures and joint programming between the ECF and Horizon Europe require greater clarity and transparency** to avoid fragmentation and ensure that collaborative RD&I grants are managed effectively. The strategic planning within the ECF windows and attached work programming will be key to ensuring not only operational efficiency but, more importantly, long-term impact.
- **Investments in Technology Infrastructures (TIs) must be scaled up, with a dedicated budget line and clear links to the ECF and other funding instruments in its new financial toolbox to ensure Europe's technology capabilities remain globally competitive.** The proposed €10.9 billion budget for both Research and Technology Infrastructures (RTIs) is very welcome; however, it will fall short of actual needs. Indeed, a recent European Investment Bank (EIB) study estimates Europe's funding requirements for TIs alone at €13–16 billion by 2030. To address this gap, the budget for future RTIs' programmes must be increased. Additionally, effective coordination between the future TIs' programme and the ECF's four sectoral windows, as well as Horizon Europe's Competitiveness Part, is essential to deliver coherent, strategic investments in TIs that build a strong, resilient, and leading-edge techno-industrial base.
- **The unique role of RTOs must be safeguarded through the explicit recognition of their leadership within the upcoming ECF and Horizon Europe strategic boards and advisory structures.** With their specific public mission, RTOs as non-profit organisations have an important advisory role to play in setting up and implementing further links between EU RD&I and industrial policies. In addition, their technology capabilities should be further leveraged to identify evolving industrial needs for technology creation, development, maturation and scaling-up across Europe. In parallel, **RTOs must be supported** in continuously expanding and diversifying their expertise to remain at the forefront of innovation.
- **The introduction of new instruments, such as the Competitiveness Coordination Tool and the Observatory of Emerging Technologies, brings both promises and uncertainty**. **Their operations must be clarified** to ensure they effectively empower and render more effective rather than encumber future policymaking and EU programming.

Looking ahead, EARTO's message is clear: Europe's prosperity depends on its ability to invest boldly and wisely in its technology capacities. The EC proposals lay a strong foundation, but the work is not yet done. In this decisive moment, we urge European leaders to seize the opportunity to invest in the ideas and the infrastructures that will secure Europe's place at the forefront of global innovation. EARTO is committed to ensuring that those choices are bold and transformative and remains ready to further discuss these recommendations with the European Institutions. The trialogue negotiations offer a unique opportunity to refine and strengthen the proposed reforms, ensuring that Europe's RD&I ecosystem remains globally competitive.

For more information on detailed recommendations on the ECF and Horizon Europe regulations' texts, please see the following documents:

- EARTO Recommendations on EC ECF Proposal
- EARTO Recommendations on EC HE Proposal
- EARTO Recommendations on EC HE - Specific Programme Proposal

[8] See similar analysis in EARTO Paper on next MFF.

EARTO - European Association of Research and Technology Organisations
Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 32 countries. EARTO members represent 228,000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.
RTOs - Research and Technology Organisations
From the lab to your everyday life. RTOs innovate to improve your health and well-being, your safety and security, your mobility and connectivity. RTOs' technologies cover all scientific fields. Their work ranges from basic research to new products and services' development. RTOs are non-profit organisations whose core mission is to produce, combine and bridge various types of knowledge, skills and infrastructures to deliver a range of research and development activities in collaboration with public and industrial partners of all sizes. These activities aim to result in technological and social innovations and system solutions that contribute to and mutually reinforce their economic, societal and policy impacts.
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