POSITION PAPER

MULTI-ANNUAL FINANCIAL FRAMEWORK (MFF) 2028-2034

The Austrian Federal Economic Chamber (WKÖ), Wiedner Hauptstraße 63, 1045 Vienna, Austria, is registered in the European Union's transparency register under number 10405322962-08. The Austrian Federal Economic Chamber is the statutory representative body for approximately 540,000 Austrian companies in the sectors of trade and crafts, industry, commerce, banking and insurance, information and consulting, tourism and leisure, and transport and traffic. 99.6 per cent of our members are SMEs with fewer than 10 employees.

November 2025

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INTRODUCTION

The European Commission's proposal for **the Multiannual Financial Framework (MFF) 2028–2034** marks a fundamental strategic reorientation of the EU budget and represents what is **arguably the most comprehensive budget reform since 1988**. This initiative responds to the enormous economic and security challenges facing Europe. The necessary investments in the green and digital transformation, defense, health and technological sovereignty require massive additional funding, estimated at around 4–5 per cent of EU GDP per year. Joint European action is considered necessary to achieve the required economies of scale and to preserve political and economic sovereignty in a multipolar world order.

With a proposed budget of just under EUR 2 trillion, the Multiannual Financial Framework 2028+ provides the decisive leverage to strengthen Europe's competitiveness, resilience and strategic capacity to act. It is crucial to invest efficiently and strategically in the future so that we can catch up with our international competitors again. The Multiannual Financial Framework offers an opportunity that we must not miss," emphasizes Jochen Danninger, Secretary General of the Austrian Federal Economic Chamber (WKÖ), commenting on the European Commission's proposal of 16 July 2025.

This goes hand in hand with a strategic realignment of the EU budget. The Commission is proposing a far-reaching structural reform to tackle the major challenges. The plan is to **reduce the number of expenditure pillars from seven to four** and the **number of programmes from 52 to 16** in order to bundle thematically related areas and reduce administrative costs. The MFF is to place **a clear focus on competitiveness, research, innovation and digitalization**, as well as digital transformation. Accordingly, investment in **strategic technologies, infrastructure and resilience** will be strengthened. At the heart of the new financial framework is a reallocation of priorities: the financial resources for the thematic area **"Competitiveness"** are to be **significantly expanded**, with its share rising from around 17 per cent to around 30 per cent of the total budget in future.

The WKÖ **expressly** welcomes the **Commission's general approach** and the **increased focus on projects with European added value**. In view of geopolitical developments that are damaging to the economy and business location, Europe must invest more in the competitiveness, resilience and sovereignty of its own economic location. This has come under severe pressure due to high energy prices and unilateral dependencies on raw materials and technologies. Meanwhile, it is primarily the strategic trade practices and industrial policies of other global players that have led to the relocation of production and the exodus of strategically important industries. The relocation of businesses is accompanied by the loss of high-quality jobs and an increase in dependencies on third countries.

In this context, the WKÖ, by **resolution of its General Assembly** of 27 June 2024 (note: the highest decision-making body of the WKÖ), calls for a **European stimulus programme with sector-specific investment support for investments with a certain European value-added component**. Simpler and faster European procedures are needed as a basis for this. **Existing European funding instruments** must also be **made more attractive, clearer and better designed**. Building on this, companies whose services and products contain a minimum share of European added value should be able to claim additional, increased investment support in the future. This "**Made in the EU" bonus** should make a key contribution to strengthening the competitiveness of European products and services and making Europe a more attractive location. It also supports our common goal of not only maintaining production in Europe but also making the location more attractive for new investment, thereby creating new and high-quality jobs in the Member States.

At the same time, we **reject** the **planned introduction or increase of new own resources** based on taxes or levies, such as the levy on companies' net turnover (CORE). Such a measure would increase the tax burden, reduce the fiscal autonomy of Member States and weaken the attractiveness of the EU as a business location. From the business perspective, a sustainable MFF requires an innovation-oriented and economically compatible tax policy (see separate position paper on (new) EU own resources).

COHESION, REGIONAL POLICY, NATIONAL AND REGIONAL PARTNERSHIP PLANS (PILLAR 1)

THE FUND, COHESION, REGIONAL POLICY

The Commission plans to merge the traditional main areas of expenditure, namely the Common Agricultural Policy (CAP) and regional policy, into a **new collective fund ("The Fund")** within the first pillar, "National and Regional Partnerships". The administration of funds is to become more flexible and coherent.

- The **existing 500+ expenditure programmes** for the Member States are to be **reduced to 27 national plans**: one plan for each Member State.
- In addition to the **CAP, cohesion and fisheries**, these would include the **European Regional Development Fund** (**ERDF**), **the European Social Fund (ESF+)** and the **Internal Fund**. The bulk of EU expenditure, including that on agriculture, regional and structural support, transport, energy, security, social affairs, migration and civil protection, would therefore go **to the Member States** as **direct grants**.
- The Commission's proposals represent a **structural break in cohesion policy**, as funds such as the ERDF and ESF are to be merged with other funds into a **(collective) fund**, and the detailed definition of intervention priorities is to be set out in plans for national-regional partnerships.
- **According to the Commission**, the **national plans should** be **simple, streamlined and unbureaucratic**. **Each country** should **submit a plan of key reforms and investments**, developed and implemented in partnership with national, regional and local authorities.
- **In addition,** access to EU funds through a single point of contact will **significantly simplify procedures and reduce administrative burdens**. Member States must weigh up for themselves what is most important to them.
- Only when Member States meet the milestones agreed in the plans will they receive funding – this principle of "**money for reforms**" is also taken from the Recovery Fund.
- Investments should be linked in particular to reforms in line with common EU priorities, including country-specific recommendations from the European Semester, national energy and climate plans, and European governance plans.
- In addition to **protecting the EU's financial interests**, the **EU's values** and the **rule of law**.

Positive structural aspects

- The WKÖ recognizes **the advantages** of this new collective fund **in terms of efficiency, flexibility and coherence**.
- We welcome the funds' increased focus on results.
- In terms of content, we assume that the promotion of SMEs, innovation, digitalization, sustainability and (vocational) training will continue to be possible.
- The relationship with the Competitiveness Fund needs to be clarified.
- We welcome the Commission's approach, which aims to **focus on spending more strongly on projects with European added value**.
- It is considered particularly important that **all regions remain eligible for funding, especially structurally weak regions and those affected by transformation**.
- Poorer regions should, in principle, continue to receive at least as much support as they do at present.
- We welcome the proposal to maintain the **European Social Fund (ESF+) as a separate EU financial instrument** for promoting employment, inclusion, skills development and capacity building among social partners.
- ESF+ should continue to focus on reintegration into employment as a clear objective, and activities eligible for ESF+ funding in the future should be subordinate to this objective.

Criticism of the reduction in funding and regional policy demands:

- Although the Commission is striving for a strong cohesion policy, the traditional main areas of expenditure, **agricultural policy and cohesion policy,** are being **reduced in relative terms**.
- We take **a critical** view of the **weakening of cohesion policy**, particularly in view of **the significant reduction in funding** provided for in the current proposal.
- Cohesion policy is also considered **a key lever for a more effective and balanced European research and innovation policy (R&I policy)** and thus contributes significantly to European competitiveness.
- It is emphasised that European R&I policy has **so** far **disproportionately favoured highly developed regions**.
- For this very reason, **strengthening less developed regions** through *location-based measures* is crucial to promoting participation, stronger co-financing, interregional R&I cooperation (connectivity) and the diffusion of innovation and technology.
- Location-specific measures are necessary to tackle barriers and support regions that are in a phase of expanding unsustainable industrial paths (*the* so-called *mid-technology trap*) and urgently need transformation processes.
- We advocate **adequate funding** for cohesion policy in the period 2028+. We reject any reduction in the budget, as this would be **detrimental to the regions and to tourism**, which benefits from regional projects.

Union support for asylum, migration and integration

- The challenges of migration can only be overcome by working together.
- The integration of the Asylum, Migration and Integration Fund, which serves to protect borders on the one hand and supports the integration of refugees on the other – in coordination with the ESF+ – into the planned reform and investment plans of the Member States should make a lasting contribution to integrating refugees into their host societies.
- A key factor in the successful integration of refugees is their successful positioning in the labour market.
- Instruments are needed that reflect the integration efforts of companies accordingly.

NATIONAL AND REGIONAL PARTNERSHIP PLANS

The National and Regional Partnership Plans (NRPP) are the **central implementation tool in Pillar 1**.

Key features and advantages:

- Performance approach and reform coupling: We welcome the fact that a performance approach is being pursued for cohesion policy, linking reforms and investments. We also welcome the fact that payments are linked to results achieved ("payment on objectives met" instead of "payment on invoice"), which should increase the impact of EU funding.
- Flexibility and autonomy: Member States are to be given significantly more autonomy in the use of funds allocated to them under Pillar 1. Funds can be shifted more freely between priorities, as long as they serve the agreed EU objectives. Projects that do not contribute to these objectives are no longer eligible for funding.
- Crisis response: A quarter of each country's funding allocation will be retained to respond to crises and changing investment priorities. This flexibility is forward-looking risk management.
- Regional focus: The WKÖ supports the focus on a more flexible regional policy. The specific use of funds will depend largely on the respective design of the partnership plans and the reforms and projects specified therein.
- Stakeholder involvement: We welcome the fact that the partnership, including the involvement of economic and social partners, will continue to be a high priority after 2027.
- In this context, it seems necessary to start work on the plan and preparations for its implementation at national level as soon as possible – increased coordination work will be necessary in the Member States.

Role of stakeholders and further demands:

- The regions should be at the heart of the process, and the role of the social partners should be considered accordingly.
- The WKÖ advocates an independent fund structure to be developed and implemented jointly with the regions.
- Simplification of access to and implementation of the programmes is called for.
- Call for security: The WKÖ calls on the federal government to push ahead with necessary investments and reforms in security and crisis resilience and to anchor the corresponding funds in the partnership plans.

EUROPEAN COMPETITIVENESS FUND (ECF)

Objectives and basic structure

The **European Competitiveness Fund (ECF)** is the central new instrument of the proposed **Multiannual Financial Framework (MFF) 2028–2034** and is intended to strengthen the competitiveness, innovative capacity and resilience of the European economy in the long term. The ECF is at the heart of the budget reform and reflects the EU's strategic reorientation towards a more future-oriented, innovation-driven budget.

The European Commission plans to bundle most of its directly managed industry, technology and innovation programmes under a **common legal framework**. The ECF is intended to serve as **a one-stop shop** for EU support to promote innovation, productivity and competitiveness more efficiently. This will **bring** existing programmes, funds and financing instruments **together** in a **single rule book and a harmonised participant portal ("single gateway")** to reduce bureaucratic hurdles, improve coherence, eliminate duplicate structures **and simplify access to funding,** especially for **SMEs, start-ups and scale-ups.**

The share of jointly managed funds in total EU expenditure is **to be almost doubled – from around 17 per cent to around 30 per cent** (including ECF, Horizon Europe, Connecting Europe Facility, etc.). This will strengthen the EU's industrial policy capacity.

The fund combines **14 existing funding instruments** from the fields of research, innovation, energy, industry, defence, health and digital infrastructure.

The ECF is divided into **four or five thematic areas**:

1. Clean transition and industrial decarbonisation
2. Health, biotechnology and bioeconomy
3. Digital leadership
4. Resilience, security, defence and space
5. (Horizon Europe – as an independently managed research programme)

The proposed budget is around **EUR 207 billion (2025 prices)**. Together with **Horizon Europe** and the **Innovation Fund**, this brings the total volume for competitiveness in the EU budget to around **EUR 400 billion**.

Strategic focus and expected benefits

The ECF is an expression of a new European industrial policy. The aim is to strengthen the EU's economic clout in global competition and to overcome the fragmentation of the previous funding landscape. In doing so, the Commission is following the recommendations of the **Draghi Report (2024)**, which criticised the lack of coordination between existing EU instruments and the complexity of the funding system. The European Court of Auditors had also repeatedly pointed out the need for greater simplification and consolidation.

The ECF aims to specifically address **Europe's "scale-up problem"**. While many innovations originate in the EU, the leap from research to industrial implementation is too rarely successful. The fund therefore covers the entire **investment chain – from research and development to piloting, scaling and market launch**.

The aim is **to strengthen European investment capacity in strategic technologies and sectors** and to **leverage private capital ("crowding in") to close the European investment gap**. Public funds are to be used to specifically reduce risks and mobilise investment in key technologies.

The **WKÖ** expressly **welcomes** this **strategic orientation**. As a research-strong, export-oriented economy, Austria is likely to benefit above average, as the ECF supports both the country's industrial strengths and its innovative capacity. For businesses, the fund will mean **more uniform rules, less overlap and faster procedures**, which will make it much easier to access EU funds. In addition, the ECF will be equipped with a **flexibility framework** that allows for reallocation between policy windows and funding (up to 20% of funds). Part of the budget will remain available as a reserve to respond to new economic or geopolitical challenges. Flexibility thus serves not only as a crisis instrument, but also as **forward-looking risk management** over the seven-year period of the MFF.

There is a particular focus on promoting **SMEs, start-ups and scale-ups** – including through business coaching, internationalisation, technology transfer and digital training. **SMEs need support and advice** in initiating cross-border projects and making the best possible use of the potential of the internal market. Experience has shown that individual advice on EU internal market law, EU funding and programmes is an important prerequisite for this. Furthermore, B2B cooperation events continue to be well attended by SMEs. These B2B events must be prepared on a sector-specific basis, and SMEs must be supported during and after the events in order to provide the best possible opportunities for business partnerships.

All these **services (which have been provided by the Enterprise Europe Network to date)** are to be continued in **the EU4Business Network** in future and supplemented by digitalisation and cluster services. **The WKÖ welcomes this proposal in principle. The planned expansion of the network's activities must also be reflected in the budgetary allocation.**

THEMATIC PRIORITIES

Digital leadership – digitalisation and digital competitiveness within the framework of the ECF

The "Digital Leadership" window is a central pillar of the ECF. It covers projects along the entire innovation chain – from research and development to technology transfer and industrial implementation. Key technologies such as **artificial intelligence, cloud computing, open-source solutions, secure data ecosystems and digital skills** are being promoted. The WKÖ expressly welcomes the fact that digitalisation is being addressed as a separate policy window to strengthen Europe's digital competitiveness.

There is a particular focus on supporting **SMEs, start-ups and scale-ups**. The establishment of **an "EU for Business Network"** and the integration of the **Enterprise Europe Network (EEN)** and the **European Digital Innovation Hubs (eDIHs)** are intended to provide targeted support for SMEs. The budget for digitalisation amounts to **over EUR 51 billion** (2028–2034) – significantly more than in *the* previous *Digital Europe Programme*.

- The window **consolidates 14 programmes** (including *Digital Europe*, *CEF Digital*, *InvestEU* and *the Innovation Fund*).
- Support along the entire **value chain**: from research to scaling to market launch.
- Broader, more flexible funding with **thematic combinability** (e.g. digitalisation + clean tech + skills).

A further **EUR 11 billion** is earmarked for cross-cutting measures such as skills development, SME cooperation and financial assistance. The focus on SMEs will be strengthened by:

- targeted support services and business coaching,
- internationalisation and qualification measures,
- integrated management consulting and partnership offers.

WKÖ is calling for **at least 25% of the total MFF budget** to be invested **in digital issues**. The current share of around 7% does not do justice to the role of digital technologies as growth drivers.

Key negotiating points remain:

- **Strengthening digital sovereignty:** promoting European cloud solutions, open-source AI and data ecosystems.
- **International cooperation:** expanding partnerships with like-minded countries (Norway, Switzerland, United Kingdom).
- **Further developing successful instruments:** expanding the *eDIH network* and test-before-invest programmes.
- **More flexible tenders:** greater use of *open calls* that are not tied to specific deadlines to promote continuous innovation cycles.
- **Funding Path:** Follow-up funding and subsequent offers to ensure sustainable impact.
- **Flexible cost recognition:** scope for adjustment within existing cost categories.
- **Funding for TRL 5–6:** Focus on high-risk but high-potential development phases.
- **Commercialisation and private capital:** Focus on market readiness, scaling and growth orientation. Public funds should **actively mobilise** private capital, not replace it. Only by combining public and private investment Europe can achieve the necessary pace in global innovation competition.

The ECF is thus intended to substantially strengthen Europe's digital competitiveness, mobilise private investment and accelerate the commercialisation of innovations.

Resilience, security, defence and space

The WKÖ welcomes the fact that the fund **focuses on the policy areas of "resilience and security" and"Defence industry and space**". The amount of **around EUR 130.7 billion** earmarked for defence and space represents a **fivefold increase compared to the previous MFF** and underlines the political and strategic importance of these issues.

- Nevertheless, it is questionable whether the amount now earmarked is sufficient to reduce existing dependencies in the defence sector and, in particular, in the space sector (e.g. satellite technology). Compared to other global players, the estimated sums are still at the lower end of the scale. Particularly in view of the increasing complexity of hybrid threats and growing geopolitical tensions, control over space-based infrastructure is no longer just optional, but of fundamental importance, which is why investments with strategic foresight are needed.
- This will require further efforts on the part of the European Commission to increase private investment in these industries and thus secure the necessary funding to reduce Europe's technological dependence.

The **"European preference" ("made in Europe")** – i.e. tying subsidies to locations within Europe – is to be viewed very positively, as both the production of goods, technologies and services in the security and defence sector and the production of critical goods within the EU are essential for the resilience of Europe and Austria and contribute to strengthening the industrial base in Europe. The European share should be as high as possible, particularly in defence supply chains, to reduce critical dependencies on non-European actors.

We welcome the aim of the new fund to **eliminate duplication, standardise and accelerate procedures, and reduce reporting requirements**. Depending on the specific design, this could speed up financing and benefit smaller companies in particular.

The WKÖ welcomes the EU Commission's announcement that it will promote the **mobilisation of public and private capital** – in cooperation with the EIB and "national promotional banks" – for priority sectors. Such measures would be particularly necessary for the defence sector.

In Austria in particular, **the lack** of **access to the Austrian financial market** is holding back many emerging and already established companies in the security and defence sector and often hinders innovation and investment.

This **is due**, on the one hand, **to** the extremely **restrictive interpretation of ESG criteria and, on the other hand, to the lending policy of the European Investment Bank**. At least in terms of the interpretation of ESG criteria, there has recently been a positive development for the security and defence industry. The restrictions imposed by the lending policy affect not only large system manufacturers, but also many Austrian suppliers – especially SMEs.

Governance and implementation

A key innovation of the ECF is the introduction of the **Competitiveness Coordination Tool (CCT)**. This instrument is designed to ensure **coordination of the work programmes** across the four policy windows, avoid overlaps and create synergies with other EU funds and national programmes.

The European Commission has primary responsibility for design and implementation. It draws up the work programmes with the support of comitology committees made up of representatives of the Member States. The examination procedure (qualified majority) applies to the defence window, while the advisory procedure applies to other areas.

In addition, a **stakeholder board** is planned, in which representatives from business, science and civil society will participate in an advisory capacity – an important step towards greater transparency and practical relevance.

The WKÖ calls for governance to be **business-friendly, transparent and participatory**. National economic and social partners must be involved in the steering structures to contribute market knowledge and practical experience to the programme design.

Financing and InvestEU integration

As the ECF's budget is limited in relation to Europe's investment needs, the fund is intended to act **as a catalyst for private and national investment**. Public funds are to be used in a targeted manner to mitigate risks to **activate and multiply private capital**.

A core element of the ECF is the **integration of the existing InvestEU mechanism**. The new **ECF-InvestEU instrument** is intended to mobilise private and public investment and close financing gaps through guarantees from the EU budget. Financial products such as loans, guarantees, equity investments and blending models will be used for this purpose. The **EIB** and **national promotional banks** are expected to be the implementation partners.

The EU guarantees are expected to generate **leverage in the hundreds of billions**. Investment guidelines will be laid down in delegated acts, which means that the Council and Parliament will retain control rights, but the Commission will be able to act flexibly in operational terms.

The combination of grants, financial instruments and public procurement creates a **complete toolbox** of **support measures** that can be dynamically adapted to technological and economic developments.

Relationship with Horizon Europe and cohesion policy

The close links between the ECF and *Horizon Europe (HORIZON EUROPE 2028-2034)* are viewed positively, as they cover the entire funding chain from basic research to market readiness. At the same time, the **scientific independence and excellence** of Horizon Europe must be fully preserved.

A balanced approach is being pursued in relation to **cohesion policy**: the Commission is being given more control over Europe-wide innovation projects, while Member States retain flexibility for regional programmes. This reduces fragmentation and strengthens a coherent European industrial policy.

Conclusion and key demands of the WKÖ

The **European Competitiveness Fund** is the key instrument for securing Europe's competitiveness, innovation capacity and strategic autonomy. For the first time, it creates a coherent framework for research, innovation and industrial implementation. The WKÖ expressly supports the introduction of the fund, but calls for the following points to be addressed to ensure its successful implementation:

- **Involvement of the business community** in steering and decision-making structures ("bottom-up approach") in order to contribute practical knowledge and market experience.
- **Preservation of the freedom of research** under Horizon Europe (HORIZON EUROPE 2028-2034),
- **An ambitious budget** for competitiveness and innovation – no cuts during negotiations,
- **Pragmatic implementation** of the Single Rule Book to achieve genuine simplification rather than additional regulation,
- **Coordination with national industrial policies** via a "**Competitiveness Coordination** Tool" that ensures clear responsibilities, transparency and independent evaluation,
- **Consideration of hydrogen infrastructure** within the framework of the "Clean Transition" window – in particular targeted funding for the expansion of large-volume H_2 storage facilities,
- **Flexibility** to adapt to geopolitical and technological developments.

The **European Competitiveness Fund** is the central instrument for securing Europe's competitiveness, innovative capacity and strategic autonomy. The **WKÖ** expressly **supports** the introduction of the fund, sees it as **a decisive step towards a modern European industrial policy** and, at the same time, calls for its governance to be clear, transparent and business-friendly. Only with ambitious financing, strong involvement of the business community and the preservation of freedom of research can the ECF become a real **driver of growth, technological sovereignty and industrial resilience in Europe**.

HORIZON EUROPE (2028-2034) IN THE CONTEXT OF THE MULTI-ANNUAL FINANCIAL FRAMEWORK (MFF) 2028–2034

Positioning of Horizon Europe in the new MFF

Horizon Europe remains the European Union's central research framework programme and is also the flagship of European research and innovation policy in the new Multiannual Financial Framework (MFF) 2028–2034. In its proposal of 16 July 2025, the European Commission made it clear that research and innovation should play a key role in Europe's strategic autonomy, competitiveness and resilience.

It is positive to note that **Horizon Europe** will continue **as a stand-alone programme with its own governance and budget**. The name will remain as an established "brand". The Commission is proposing a significant budget increase to **EUR 175 billion** for the period 2028–2034 – almost double the current programme. This largely meets the WKÖ's demand for a budget of at least EUR 200 billion.

Horizon Europe is positioned in the new MFF as one of five core programmes within **Pillar 2, the European Competitiveness Fund (ECF)**. Together with the ECF and the Innovation Fund, it forms the core of a new **European innovation budget** with a total volume of around **EUR 400 billion.** This will create close links between research, development and industrial implementation to specifically promote strategic technologies and key industries.

The Commission clearly anchors the programme in the context of a **geopolitically oriented innovation policy** aimed at economic resilience, technological leadership and independence for Europe. In future, research and innovation are to contribute even more strongly to building industrial capacity in Europe, reducing dependencies and ensuring the competitiveness of the internal market.

The **central components of the original programme remain largely unchanged**, but there has been a **strategic realignment and better integration of the pillars**, as well as comprehensive simplification measures and a focus on greater competitiveness and disruptive innovation.

Many of the needs identified in **the WKÖ position paper on HORIZON EUROPE 2028-2034** are addressed in the new framework programme. However, the proposal does not yet go into detail in many areas and leaves key questions unanswered. The **specific design of the measures and their implementation in the work programmes will** be **decisive** in determining how effective and accessible the programme will be. Only then can a final assessment be made as to whether the recommendations addressed by the WKÖ will be implemented in the interests of the economy.

Programme structure and strategic realignment

The new **HORIZON EUROPE 2028-2034** will be structurally reorganized. In future, it will consist of **four vertical pillars**:

Pillar 1 – Excellent Science

The first pillar of Horizon Europe 2028–2034, *"Excellent Science"*, promises a great deal of continuity. The **European Research Council (ERC)** and the **Marie Skłodowska-Curie Actions (MSCA)** remain central components. The pillar is to be strengthened in terms of budget.

Compared to the previous programme period, there are some targeted priorities for promoting young talent and groundbreaking basic research, with the aim of attracting and retaining **talent** in Europe and thus positioning Europe as a global leader in research (the "Choose Europe" initiative).

Research infrastructures are no longer funded under Pillar 1 but have been moved to the newly created Pillar 4 and expanded to include **"research and technology infrastructures"**.

The continued strong role of the first pillar and the continuation of the central instruments are an important pillar of European research policy and will enable excellent and groundbreaking research to continue in Europe. The announced budget increase is a welcome and necessary development. The expansion from research to research and technology infrastructure is also viewed positively (see assessment of Pillar 4).

Pillar 2 – Competitiveness and Society

The second pillar, "Competitiveness and Society", **differs significantly from the previous programme**. It is divided into two components: "Competitiveness" and "Society".

The **area of competitiveness** includes a stronger strategic focus, thematic changes and structural integration with the newly created European Competitiveness Fund (ECF). The topics are organised along the four "policy windows" of the ECF (Clean Transition and Industrial Decarbonisation, Health, Bioeconomy, and Biotechnology, Digital Leadership, Resilience, Defence Industry, and Space), which should enable coherent support along the entire innovation chain.

Regarding implementation, there are many key questions relating to the ECF: In the ECF proposal, the Commission refers to "integrated work programmes" to be managed by the ECF Programme Committee. The ECF is also to include measures for "EU preference", i.e. projects involving development and manufacturing in the Union will be given preference. In addition, there are to be accelerated procedures for "critical" projects. Far-reaching changes are therefore to be expected in this area in connection with the implementation of the ECF.

The "**Society**" **section** addresses social challenges such as migration, democracy, social transformation and disinformation. Strategic initiatives such as the **EU missions and the New European Bauhaus Facility** are also embedded in this section. An **advisory tool** called **the** "**Observatory of Emerging Technologies**" is being set up to better align research funding with key future topics.

A new coordination tool, **the Competitiveness Coordination Tool (CCT)**, will help to pool synergies between industrial, research and investment policies **at EU and national level**. Overall, **cooperation with the Innovation Pillar (Pillar III)** will be intensified. The aim is to connect start-ups and scale-ups with research results from the second pillar in a targeted manner, including through innovative public procurement.

Consortia applying for a collaborative project must consist of at least **three** independent institutions from three different countries. **Two** of these **institutions** must **be based in an EU Member State, and the third** must **be based either in a Member State or an associated country.** The latter rule is new: under the current programme, only one institution needs to be based in an EU Member State.

Despite strong criticism of **EU missions** in the past and announcements by the Commission to reform them, the draft does not contain any further information on the future structure and governance of the missions. However, missions will only be addressed in the work programmes until 2030 (no reference to the period after that).

The introduction mentions that, in addition to continuing the missions, it could also "finance research and innovation-related aspects of 'moonshot' projects with a strong scientific component". Possible examples of 'moonshots' include investments in CERN's Future Circular Collider project, or the development of quantum computers or clean aviation. The way this will be embedded in the programme or funding stream is not specified.

Under Pillar 2, **partnerships** are to remain a "**key instrument**". The Commission plans to establish **a "limited number"** of partnerships, which are to be **"radically simplified"**. According to the draft, the ECF should contribute to the partnerships "where necessary to achieve its objectives". The proposal defines several criteria for partnerships. This means that the previous "co-funded partnerships" are to be abolished. The thematic **proposals for partnerships are to come from the Commission alone.** There are no plans to identify topics jointly with Member States.

We are expressly committed to ensuring that **the existing Cluster 2 of Horizon Europe** is **continued and strengthened in the next EU Framework Programme**, as are the successful Knowledge and Innovation Communities (KICs). The aim is to make targeted use of the **creative and innovative strength of the cultural and creative industries** to further develop an independent European innovation model and raise its international profile.

The new thematic orientation of the second pillar along the four policy windows of the European Competitiveness Fund brings greater strategic coherence but also entails risks. Although this may lead to better alignment with industrial policy objectives and greater market proximity, it could also result in a loss of thematic openness and scope for social and science-driven topics. In particular, cross-cutting issues, social innovation, cultural or educational research could be marginalised if they cannot be clearly assigned to a policy window. There is a separate track called "Society", which is described as a "bottom-up" programme. However, it is unclear how it differs from the policy windows and how social issues are to be separated from competitive ones. It is important that sufficient **flexibility** is retained in future **for bottom-up initiatives** and socially relevant research outside the narrow confines of economic policy. **Transferring the work programmes to the ECF** would also be problematic**.** This would **jeopardise** the **autonomy and independence of the pillar**. Furthermore, the new **Competitiveness Coordination Tool** must not be allowed to influence the programming in pillar 2 and the **independence of collaborative research**.

A positive aspect for companies is the **closer integration with innovation promotion** (pillar 3), which will make it easier to translate research results into marketable solutions. The proposal is vague about the future role of **missions**. The WKÖ advocates mission-driven approaches – which, as things stand, will only continue until 2030. It is unclear to what extent the "moonshots" will replace them. In any case, missions can only be successful if governance and structure are significantly improved. The Commission rightly recognises the need to restructure **partnerships** in order to avoid overlaps and ensure clarity, transparency and simplicity. Here, too, implementation will be key.

Pillar 3 –Innovation

The third pillar, "Innovation", has been **significantly strengthened and strategically expanded** to boost Europe's innovative capacity – particularly in the field of deep tech – and to close the gap between research and market launch. The **European Innovation Council (EIC)** remains at the heart **of** this pillar **but** is to be modernised and expanded and modelled on the **US research agency ARPA**.

The EIC supports disruptive and market-creating innovations along the entire innovation chain – from the initial idea to scale-up. It continues to include Pathfinder, Transition and Accelerator funding, but now combines these more flexibly in so-called "**EIC Challenges**" under the supervision of specialised programme managers. Following **the ARPA**

model, **high-risk projects** are to be supported in stages. A central component is the **EIC Fund,** which acts as an independent legal entity with a public mandate. It takes over the investment component of the EIC and is also intended to attract other public and private investors in order to increase the leverage effect. Another new feature is the **introduction of a** "**DARPA** approach" to **specifically promote defence and dual-use innovations**, as well as an optional "scale-up finance" instrument designed to mobilise investment in strategic high-tech fields (e.g. quantum technologies, biotechnology, cleantech). In addition, the pillar promotes **innovation ecosystems** across Europe, in particular by integrating the knowledge triangle – i.e. education, research and business – with the aim of better connecting regional and national innovation spaces. These activities are intended to create favourable conditions, promote knowledge transfer and accelerate innovation. The **European Institute of Innovation and Technology (EIT)** is not mentioned in this context, which suggests that there are no plans to continue it.

Pillar 3 places a strong focus on scalable innovation, entrepreneurial excellence and the commercialisation of research results in order to secure Europe's strategic autonomy in key technologies and sustainably strengthen innovation-based competitiveness. Overall, this approach is positive. **Expanding the EIC to include riskier instruments and better financing for the "valley of death" phase is necessary to strengthen Europe's innovative capacity.** Promoting disruptive innovation through ARPA-like mechanisms is a step in the right direction. Unfortunately, the proposal does not explicitly address the structural weaknesses of *the EIC Accelerator (*lack of patient capital, insufficient risk appetite), even though these are a key problem for deep tech start-ups. Concrete implementation remains to be seen here. Overall, the balance between promoting high-risk research and efficient use of funds must be carefully struck, and the innovation ecosystem must be viewed holistically, including cooperation with national and private investors. In this context, we also welcome the **introduction of a "DARPA approach"** for the targeted promotion of highly innovative dual-use and defence start-ups and scale-ups, especially those of strategic importance to the interests of the Union and its Member States. This **marks** a **shift in Horizon Europe from strictly civilian-oriented innovation funding to an integrative approach.**

Pillar 4 – European Research Area

The fourth pillar, the European Research Area (ERA), is now a vertical pillar alongside the other pillars, rather than horizontally beneath them. This means that the further development of the European Research Area is firmly anchored in the programme and is given greater importance and visibility. The achievement of the 3% target (3% of GDP for R&D) is anchored in both HORIZON EUROPE 2028-2034 and the ECF, together with the "fifth freedom" defined in the Letta Report (2024) on the circulation of knowledge and innovation. The pillar consists of three components: "ERA Policy", "Research and Technology Infrastructures" and "Widening participation and spreading excellence". There is a new focus on **developing and expanding research and technology infrastructures**. For the first time, up to 20% of the construction costs of critical new research infrastructures can be co-financed with EU funds. The **Widening Programme** will continue to help EU Member States improve their R&D systems, although the budget will not be significantly increased. However, beneficiary countries will now be divided into two categories: **widening countries and transition countries.** The latter are former widening countries whose R&D performance has already improved. Only widening countries can receive funding for capacity building. They will be denied access to this funding stream from 2030 onwards if they cannot demonstrate that they are increasing their national investments. Transition countries are eligible to apply for support measures for networking, knowledge transfer, mitigation of brain drain and for National Contact Points (NCPs).

The new focus on establishing a coherent European Research Area with inclusion and capacity building is an important component of the programme. The new pillar strengthens these aspects and makes them more visible. The expansion of "research infrastructures" to "**research and technology infrastructures"** is an important step towards stronger links between science, technology development and innovation and a key contribution to strengthening the European innovation ecosystem. In the area of "widening", the introduction of the new category of transition countries makes sense, as it recognises innovation progress and aims to improve structural integration in the European Research Area. Unfortunately, the shift in focus towards **cohesion policy** called for by the WKÖ has not materialised. The Commission does not recognise that cohesion policy plays an indispensable role in capacity building and that **close exchange and coordinated measures between EU programmes and national/regional strategies** are **essential**. In this respect, the often emphasised synergies with other programmes are neglected here. At least the budget for widening is hardly increasing.

Budget and priorities

With the proposed budget of **EUR 175 billion** for Horizon Europe, the total volume will increase by around **83 per cent** compared to the current period. All four pillars will benefit from the increase. In future, there will be a particular focus on **key strategic technologies (general purpose technologies, GPTs)** – such as quantum computing, semiconductors, robotics and synthetic biology – as the basis for Europe's technological sovereignty. In addition, a separate area entitled "Resilience, Security, Defence Industry and Space" is to be allocated around **EUR 6.4 billion**. This means that security-related issues, including dual-use approaches, will be explicitly addressed for the first time. We welcome the creation of this separate programme (compared to the last Horizon budget: the Civil Security cluster had a budget of €1.6 billion; the Digitalisation, Industry and Space cluster had a budget of €15.3 billion). This will ensure that these issues gain in importance and do not have to compete in a cluster with many other future-oriented topics.

The massive budget increase is very welcome and comes close to the **WKÖ's demand** for a budget of **at least EUR 200 billion**. The task now is to defend this budget in the negotiations and, ideally, to increase it even further. As far as the **distribution of the budget among the pillars** is concerned, it is positive that all pillars will benefit from the increase in funding. A particular strengthening of the EIC was to be expected against the backdrop of the focus on competition and is necessary in order to develop the EIC into a real "innovation engine." However, the strengthening of pillars 1 and 2 shows that great importance is also attached to basic research and collaborative research. The **strong increase in funding for pillar 4** (even aside from the shift of research infrastructures to this pillar) raises the question of what goals are to be achieved. More initiatives in the area of the **European Research Area**, for example, would entail more co-financing from the member states, which in turn would be relevant for the RTI pact. The exact design of this pillar will have to be monitored here.

Simplification and governance

The Commission has announced comprehensive **simplification measures** to make it easier for applicants to access funding:

- Introduction of **lump sums** as standard,
- uniform **funding rates** (SMEs and research institutions up to 100%),
- Abolition of the distinction between "Research and Innovation Actions" (RIA) and "Innovation Actions" (IA),
- shorter and more open calls for proposals,
- reduction of the **time-to-grant** to seven months.

In addition, programmes are to be made **more synergistic**. In future, projects can be co-financed from several EU instruments ("cumulative funding"). The new **Competitiveness Coordination Tool (CCT)** is intended to avoid overlaps and promote strategic coherence between industrial, research and investment policy.

The WKÖ expressly welcomes these steps but urges that implementation in the work programmes must be **practical, transparent and application oriented**.

Interlinking with the European Competitiveness Fund (ECF)

The close coordination between Horizon Europe and the **ECF** is viewed positively overall. It creates the basis for a continuous innovation chain – from basic research to applied development and piloting to industrial scaling. This integration can help address Europe's "scale-up problem" by enabling research results to be translated more quickly into marketable solutions. This opens new opportunities, particularly for technology-oriented companies and start-ups, to become active in key **technologies close to the market**.

It remains critical that governance structures, resource allocation and responsibilities between HORIZON EUROPE 2028-2034 and ECF have **not** yet been **sufficiently clearly defined**.

The WKÖ therefore calls for

- Clear separation of budgets,
- Transparency in management, and
- ensuring that scientific excellence and independence from industrial policy objectives remain untouched.

Synergies and international dimension

The Commission's proposal strengthens links with other EU programmes, including Digital Europe, the European Defence Fund and the Cohesion Fund. Joint calls for proposals and combined financing should be easier to implement in future.

The principle of international openness remains in place: associated countries such as Norway, Switzerland and the United Kingdom can participate; other third countries must negotiate new agreements. The principle of "**as open as possible, as closed as necessary**" will continue to apply.

Conclusion and key demands of the WKÖ

The Commission's proposal for Horizon Europe 2028–2034 is **ambitious, strategic and economically oriented**. It strengthens the role of companies, start-ups and SMEs in the European innovation system and offers considerable opportunities for research-intensive industries.

The WKÖ supports the **continuation and upgrading of Horizon Europe** as **a cornerstone of the new MFF**. For successful implementation, it calls for:

- Preservation of scientific independence and excellence,
- Clear separation but close coordination between HORIZON EUROPE 2028-2034 and the ECF
- Ensuring sufficient funding for all four pillars,
- Consistent promotion of market-oriented research, technology transfer and dual-use innovations
- Involvement of industry and social partners in governance structures
- Greater coherence between EU, national and regional innovation policy,
- and clear, practical simplification of funding instruments.

Only under these conditions can Horizon Europe (HORIZON EUROPE 2028-2034) successfully continue its role as **a driver of research, innovation and competitiveness** within the framework of the new MFF.

CONNECTING EUROPE FACILITY (CEF)

The Austrian Federal Economic Chamber (WKÖ) welcomes the continuation and substantial increase in funding for **the Connecting Europe Facility (CEF)** to over EUR 81 billion, particularly in the **areas of transport** and **energy**. The CEF is a key instrument for implementing the European Green Deal and strengthening the competitiveness, resilience and connectivity of the European Economic Area. From the WKÖ's point of view, the CEF makes a decisive contribution to linking infrastructure networks, ensuring security of supply and achieving decarbonisation targets.

At the same time, the WKÖ sees **room for improvement** in terms of **accessibility**, **project prioritisation** and **eligibility**: access must be facilitated, especially for smaller and nationally relevant infrastructure projects.

CEF TRANSPORT AND MILITARY MOBILITY

The objectives of the Commission's proposal on financing the **TEN-T network (Trans-European Transport Network)** are expressly welcomed. With a planned total budget of over **EUR 81 billion,** compared to EUR 42.3 billion in the current MFF, the Commission is sending a strong signal for European infrastructure development.

TEN-T and project prioritisation

EU co-financing is indispensable, especially for large cross-border projects. Examples include **the Brenner Base Tunnel** and the associated access routes, which are of central importance for the European North-South Corridor (Scandinavian-Mediterranean Corridor).

Austrian corridors and connections such as the **Baltic-Adriatic**, **Rhine-Danube** and **Mediterranean corridors** are also listed in the draft annex as **Projects of Common Interest (PCI)**. The WKÖ considers this classification to be positive, as it ensures Austria's integration into key trans-European transport axes.

Funding should focus primarily on:

- **Closing gaps** and **cross-border sections**
- include **projects with high strategic benefits** (e.g. military mobility, energy connectivity, decarbonisation),
- and give preference to projects that are at **an advanced stage of development** in order to ensure the efficient use of funds.

In addition, it should be ensured that **regional projects of high economic importance** also have access to funding – especially those that contribute to European interoperability.

Military Mobility (dual-use infrastructure)

The WKÖ welcomes the planned **tenfold increase in funding** for **military mobility**. The increased integration of civil and military transport networks strengthens both European defence capabilities and the resilience of critical infrastructure.

Dual-use projects – i.e. projects that combine **civil and military uses** – should be specifically used as an **infrastructure offensive for Europe**. This applies in particular to:

- the expansion of **rail transport corridors** (e.g., high-speed axes and capital city connections),
- the harmonisation of technical standards, in particular through **digital automatic coupling (DAC)** and the **European Train Control System (ETCS)**,
- as well as investments in **digital logistics solutions** to efficiently coordinate civil-military mobility.

In this way, the CEF contributes to the EU's security and defence policy objectives without reducing the civilian benefits of the infrastructure.

Access and bureaucracy

The current focus on large-scale projects and high minimum funding amounts makes access difficult for smaller but strategically relevant projects. According to the Commission, the recommended minimum amount for CEF funding is **EUR 1 million**, which many **regional rail freight companies or logistics projects cannot meet**.

The WKÖ therefore calls for

- a reduction in the minimum funding volume and a clear definition of the access criteria,
- **greater involvement** of **local actors** in the funding architecture,
- as well as **simplified application and reporting requirements**, particularly for SMEs.

These adjustments would strengthen the CEF as **a practical instrument for the whole of Europe**, rather than concentrating on a few major players.

CEF ENERGY

The Austrian Federal Economic Chamber (WKÖ) expressly welcomes **the continuation and increase in funding for CEF Energy**. European funds are crucial for driving forward the **expansion of cross-border energy infrastructure**, the **integration of renewable energies** and the **strengthening of energy supply security**. The rapid expansion of renewable and climate-neutral energy sources poses major challenges for grids and storage. In order to ensure the competitiveness of the economy, it is essential to maintain a secure and uninterrupted energy supply at internationally competitive prices. Better European coordination must be achieved. In addition to private investment, public investment is also needed in the modernisation and construction of new generation facilities, storage and grid infrastructure. This should also contribute to lower energy costs and electricity prices and make the EU more crisis-proof. When purchasing energy from third countries, care should be taken to ensure sufficient diversification of producers and countries of origin.

Extension of the PCI concept (TEN-E)

The concept of **Projects of Common Interest (PCI)** should be extended beyond its current definition to include **domestic network expansion projects**, if these have **a significant cross-border impact**. Currently, only projects that directly connect several Member States are taken into account. In practice, however, the **stability of the EU's network** and **security of supply** often also depend on **national sections of the network**, for example when these are essential for transit between neighbouring countries.

The current exclusion of such projects leads to:

- Price zone separations,
- **Increased energy costs** in regions with network bottlenecks,
- and **competitive disadvantages** for industry and households. The WKÖ therefore calls for:
- the **inclusion of domestic but EU-relevant grid expansion projects** in the PCI list,
- and the possibility of **CEF funding for national pipeline sections** if they have a significant impact on European electricity or gas flows.

Hydrogen and storage infrastructure

The WKÖ welcomes the inclusion of **hydrogen transport** as PCI/PMI (Projects of Mutual Interest) in the TEN-E Regulation, but criticises the **lack of consideration given to H_2 and CO_2 storage facilities, electrolysis plants, and H_2-ready gas-fired power stations**.

These infrastructures are crucial for:

- **security of supply** during the transition phase,
- seasonal energy storage,
- and the **integration of renewable energies** into the overall system.

For **landlocked countries such as Austria,** the **underground storage of hydrogen and CO_2** is particularly important. The current restriction to **renewable hydrogen** is insufficient; **low-carbon H_2** should also be eligible for funding during the transition period in order to accelerate the decarbonisation of industry.

The WKÖ therefore recommends:

- the **inclusion of H_2/CO_2 storage projects** in the CEF Regulation and the Annex,
- the clear integration of electrolysis plants and sector coupling,
- and the **establishment of storage and import infrastructure** as eligible categories.

Only a holistic view of the energy system will make European energy targets achievable in an efficient and cost-stable manner.

The **Connecting Europe Facility** is a key instrument for promoting **strategic infrastructure, energy and transport security** in Europe. The WKÖ supports the planned budget increase and further development of the content, but calls for:

1. **easier access** for regional and domestic projects,
2. **clear prioritisation of** cross-border and economically mature projects,
3. **consideration of storage, hydrogen and dual-use infrastructure**,
4. and **low-bureaucracy implementation** with realistic access for SMEs.

Only through targeted investment in physical and digital infrastructure can the EU secure its economic, energy and security resilience in the long term.

SECURITY, DEFENCE AND RESILIENCE IN THE MFF 2028–2034

The WKÖ welcomes the fact that **security, defence, space and crisis prevention** are given **significantly higher priority** in the new MFF. This strategic realignment ends decades of underfunding in security-related areas and strengthens Europe's resilience, technological leadership, and strategic sovereignty. The Commission is thus taking up key recommendations from *the Draghi report*, in particular the reduction of strategic dependencies and the promotion of joint European action in a multipolar world.

Funding and instruments (European Competitiveness Fund – ECF)

In future, most of the funding for security and defence will be provided through the **European Competitiveness Fund (ECF)**.

1. **Budget and focus:** The ECF focuses on **resilience, security, the defence industry and space**. At **EUR 130.7 billion,** the budget is five times larger than in the current MFF – a strong signal of the importance of these issues for industrial and security policy. At the same time, it remains questionable whether this amount will be sufficient to effectively reduce existing dependencies, for example in the space sector (e.g., satellite technology).
2. **European preference:** The WKÖ welcomes the **"European preference" (Made in Europe)** enshrined in the ECF. The production of security-critical goods, technologies and services within the EU is central to strengthening the industrial base and ensuring resilience – including for Austria as a business location.
3. **Financing and private capital:** Limited access to financing is hampering many companies in the security and defence sector. Restrictive ESG interpretations and the **EIB's** current lending policy make investment difficult, especially for SMEs. The WKÖ therefore supports the Commission's initiative to facilitate the **mobilisation of private capital** in security-related industries and to create incentives for investors.

Programmes and strategies

1. **Connecting Europe Facility (CEF) – Military mobility:** The tenfold increase in CEF funding for **military mobility** is welcomed. The aim is to promote **civil-military dual-use projects,** particularly in rail transport, in order to use infrastructure more efficiently and improve military and civil mobility (e.g. high-speed lines, digital automatic coupling, ETCS).
2. **Horizon Europe (HORIZON EUROPE 2028-2034):** The establishment of a separate programme for **Resilience and Security/Defence Industry and Space** with **EUR 6.4 billion** will strengthen security-related research. The opening of Horizon Europe to **dual-use innovations** and the planned **DARPA approach** to targeted support for start-ups and scale-ups are positive developments. It remains important that the entire **innovation cycle** – from research to production to application – is covered.
3. **European Defence Union and Readiness 2030:** The WKÖ supports the plan for a **European Defence Union** with a focus on industrial policy and the implementation of the **Readiness 2030 strategy**. It is essential that the announcements are followed by concrete measures and that the European Commission coordinates investments by the Member States.

Resilience and crisis preparedness

1. **Crisis preparedness and flexibility:** The planned instruments of **the Union for Crisis Preparedness** and the **ProtectEU strategy** are welcomed. The planned **fivefold increase in funding to EUR 10.7 billion** will enable greater support for prevention, preparedness and crisis management. Partnership plans at national level should specifically promote investment in security and crisis resilience.
2. **Stockpiles and critical goods:** The establishment of joint EU reserves is viewed positively but must be done **without distorting the market**. Promoting **European production** of **critical goods** strengthens security of supply and crisis resilience.
3. **Critical infrastructure:** The MFF should prioritise **dual-use investments** in key areas such as energy, water, health and transport. The WKÖ emphasises the importance of **cross-border infrastructure**, in particular $\mathbf{H_2}$

storage facilities as part of critical energy and security infrastructure. For landlocked countries such as Austria, large-volume storage facilities are central to security of supply and system stability.

The WKÖ supports the security policy upgrade of the MFF 2028–2034. However, **sufficient funding**, **access to capital**, **European value creation** and **clear priorities in infrastructure and crisis preparedness** are crucial. Only through joint investment in security, defence and resilience can Europe secure its ability to act and its competitiveness in the long term.

ERASMUS+ IN THE CONTEXT OF THE MFF **2028–2034**

Budget and general assessment

The WKÖ welcomes the significant **budget increase for Erasmus+** in the new Multiannual Financial Framework 2028–2034.

- **Budget increase:** At **EUR 40.8 billion,** around **44 per cent more funding** is earmarked than in the current programme (EUR 28.3 billion for 2021–2027).
- **Contribution to competitiveness:** Erasmus+ strengthens the international mobility and qualifications of skilled workers, promotes innovation and competitiveness, and supports European cooperation through practice-oriented educational measures.
- **Integration of the Solidarity Corps:** The inclusion of the *European Solidarity Corps* in the Erasmus+ budget underlines the expansion of the programme.

The WKÖ therefore considers the budget increase to be **a crucial step towards strengthening the European Education Area and** Europe's **competitiveness**.

Focus on vocational education and training (VET) and mobility

Strengthening vocational education and training (VET) remains a key concern for the WKÖ.

- **Cornerstone:** VET must remain an integral part of Erasmus+. The mobility of apprentices, skilled workers and trainers is crucial to promoting practical qualifications across Europe.
- **Growing demand:** Interest in international experience is growing significantly, particularly among apprentices, which means that additional funding is needed. However, apprentice mobility lags behind that of school pupils, which is why targeted support is necessary.

WKÖ demands regarding apprentice mobility:

- **Short-term mobility (2–8 weeks)** must remain eligible for funding and must not be disadvantaged compared to long-term stays.
- **After completion:** Funded learning stays should be possible for up to **five years after the end of training** (instead of only one year at present).
- **Information & visibility:** An **EU-wide information campaign** on Erasmus+ vocational training should place greater emphasis on the benefits of mobility abroad for companies and apprentices.
- **Support structures: Contact points at the operational level** should make it easier for SMEs to get their employees involved in Erasmus+.
- **Conceptual clarity:** The term "*vocational training*" should be explicitly used in the programme text and backed up with sufficient budgeting – "skills" alone is too general.

Flexibility, administration and budget allocation

The WKÖ supports **simplified administration** and the planned introduction of a **global budget**, but sees risks for learning mobility:

- **Global budget:** Greater flexibility and less complexity are fundamentally positive.

- **Risk to mobility:** This flexibility must **not** be **at the expense of Key Action 1 (learning mobility)** – especially not in the area of apprentice mobility.
- **Focus of funding:** Learning mobility must remain **the core objective** of Erasmus+. Excessive diversion of funds to strategic policy projects would be counterproductive.
- **Broad allocation:** A **budget quota for the three key actions** is recommended in order to ensure transparency and goal orientation.
- **Debureaucratisation:** The planned simplifications and the **guide to debureaucratisation** are expressly welcomed.

AGORA EU

AgoraEU – Merger of Creative Europe and CERV

- Instead of the previous *Creative* Europe programme covering culture and media, the Commission is proposing the new **AgoraEU** programme. This combines **Creative Europe** with the programme. **"Citizens, Equality, Rights and Values" (CERV)**. The aim is to strengthen the links between culture, media and civic values and to embed culture in the broader political objectives of the Union. The new concept is based on the planned Culture Compass and represents a paradigm shift towards cross-sectoral synergies between culture, media, civic engagement and European values.
- This merger is politically ambitious but poses **considerable risks to Europe's cultural and audiovisual diversity**. It could dilute the autonomy and mandate of Creative Europe and weaken its clear focus on the cultural and creative industries. Criticism from the European cultural and film sector has been correspondingly strong, with loud warnings in recent months about the loss of this successful, clearly defined programme.

Structure and objectives

- The new programme will consist of **three sub-sectors**: **1. Culture, 2. Media+ and 3. Union Values**.
- The Commission justifies the merger with the aim of pooling funding, reducing administrative costs and avoiding fragmentation. At the same time, this places the cultural sector more firmly in the context of democracy, equality and civil rights. This carries the risk of losing the independent cultural policy significance and treating the **specific importance of the cultural and creative industries** as secondary.
- In contrast to programmes dominated by economic policy, AgoraEU emphasises the contribution of culture to democracy, freedom, inclusiveness, diversity, civic participation and European identity. Culture is explicitly defined as *a public good*. In future, the cultural and creative sector will include the performing arts, literature, music, visual arts, cultural heritage, architecture, libraries and design – without any explicit mention of the audiovisual sector. The film industry considers this omission to be a cause for concern, as it signals a weakening of the previous MEDIA focus.

Key areas and changes

- The draft sets out new objectives such as "developing cultural policy" and "intergenerational justice" and refers to the support of platforms and networks. This shifts the focus more strongly onto cooperation within the cultural and creative industries themselves, while the emphasis previously placed on outreach to other economic sectors recedes into the background.
- **Particularly critical** is the **removal of the reference to media independence**, which was still central to the current Creative Europe Regulation (2021) ("to promote a diverse, independent and pluralistic media environment"). The new MEDIA+ section extends the scope to video games and news media, which means an opening up of content, but also a dilution of the original focus on film and AV.
- On a **positive** note, as in previous programmes, a cross-sectoral area of action for cooperation and innovation remains in place. This is intended to strengthen democratic participation and social engagement. However, it remains critical that the economic aspects of cooperation and the promotion of creative industries (design, architecture, crafts, local ecosystems) are hardly specified. The new proposal no longer provides for a separate cross-sectoral area as in Creative Europe.

Assessment and cultural policy significance

- From **the perspective of the WKÖ** and the European cultural sector, only a **separate programme** can guarantee a long-term protected budget and a clear cultural policy identity. Merging it with other policy areas carries the risk that the culture budget will become more dependent on changing political priorities in the future and can no longer be defended independently.
- The new programme must therefore not lead to the gradual gutting of the culture and media sector. **Earmarked budgets and sector-specific calls for proposals** are essential to preserve the structure and impact of the previous *Creative Europe* programme. The name of the programme should also include the words "Culture & Media" in order to maintain its symbolic autonomy.
- **Doubling cultural funding to 2 per cent of the EU budget** would send a clear signal that European culture is recognised as a strategic "soft power". Culture – including film, audiovisual media and the creative industries – must not lose visibility or budget in the new structure. Only in this way can AgoraEU offer added value without jeopardizing the successes of *Creative Europe* to date.

EUROPE IN THE WORLD

EU ENLARGEMENT

We welcome the **increase in funding for the EU's external action** – including EU enlargement **– to EUR 200 billion**. **EU enlargement** is an important priority for the period 2028-2034. We advocate that this issue be taken into account and planned for in the next multiannual financial framework. It is expected that Montenegro and Albania will become EU Member States during this period, and possibly other remaining Western Balkan countries as well.

Austria is one of the most important investors in this region, and we see **enlargement as a necessity for stability in Europe and an opportunity for economic growth**. It is necessary to pool financial instruments and create a clear and simple structure. At the same time, these instruments must be flexible in order to respond to diverse needs. A performance-based approach to financial support is essential, with funds being tied to clear conditionalities, particularly in the area of the rule of law and basic economic standards. This is crucial for the economy, as businesses need stable framework conditions and reliable rule of law.

Historically, the EU's eastward enlargement was a milestone for Austria, promoting political stability and economic growth in Central and Eastern Europe. The Austrian economy also benefits from this in its role as a bridge between Eastern and Western Europe. Further EU enlargement towards the Western Balkans should have equally positive effects in the long term and open up new markets and investment opportunities.