



2026-03-26
European Commission
European Parliament
Government of Sweden
The Swedish Association of
Local Authorities and Regions
(SALAR)
Friends of Europe

Europaforum Northern Sweden's views on the European Competitiveness Fund

Europaforum Northern Sweden (EFNS) is a network for politicians at the local and regional levels from Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland. EFNS is a meeting place and a knowledge arena for discussion and analysis of the impacts of EU policy on northern Sweden. EFNS monitors European issues to influence EU legislation, EU strategies and action programmes and EU budget. The objective of EFNS is to safeguard the interests of northern Sweden both in the European arena and in relation to the national level in matters with a clear European perspective.

Introduction

EFNS considers that the most effective way to foster competitiveness, increase productivity and ensure long-term prosperity is to safeguard rules-based free trade and a well-functioning Single Market, while introducing targeted and proportionate measures where market failures or unjustified actions by third countries hinder development. Local and regional authorities play a decisive role in supporting industrial scale-up, both through their administrative responsibilities and through their role in promoting business development and regional economic growth. Furthermore, we consider that strong competition constitutes a cornerstone of European growth. At the same time, it should be complemented by policies that consider structural differences between regions and ensure a level playing field for companies across the Union. EFNS also considers that small and medium-sized enterprises (SMEs), including micro-enterprises, are central to innovation capacity and therefore a key prerequisite for strengthening the EU's competitiveness over time. This position is based on these guiding principles.



MICRO AND SMALL ENTERPRISES IN THE ECF

Micro and small enterprises are central to European competitiveness, but there is a risk that the European Competitiveness Fund (ECF) will not fully utilise the capacity that exists within these companies. In order to reduce the risk that growth-oriented micro and small enterprises with strong innovation capacity and scaling potential, but limited administrative capacity, are excluded from the fund's measures, it is important that their role is clearly recognised already in the Regulation and systematically considered in the subsequent implementation phase.

Proposed amendments

- The Fund should more clearly include dedicated instruments for micro and small enterprises designed to be accessible and attractive for companies with limited administrative resources. Particular consideration should be given to limited administrative capacity, simple application procedures, minimal ex ante requirements and the possibility of advance payments. In addition to grants, loans and guarantees should also be used where appropriate. The instrument should be implemented through intermediaries with strong local anchoring such as regions, municipalities, chambers of commerce, universities and existing support structures with a regional presence. Proximity to companies and existing networks can increase the effectiveness, accessibility and attractiveness of the Fund's measures.
- Article 4: At least 10 percent of the ECF's resources should be earmarked for micro and small enterprises.
- When establishing loan and guarantee instruments, the influence of commercial banks over public funds should be limited, as their risk assessments do not always take into account the broader socio-economic value of investments for the region and the EU's long-term competitiveness. While thorough scrutiny of public funds is necessary, commercial banks should not be given decisive influence over this process.

THE ROLE OF REGIONS AND MUNICIPALITIES FOR COMPETITIVENESS

The proposed ECF Regulation emphasises the importance of industrial investments for European competitiveness, but does not sufficiently take into account the role that regions and municipalities play in enabling these investments in practice. Experiences from large-scale green industrial investments in northern Sweden show that the regional and local levels are crucial for planning, permitting processes, infrastructure, skills provision, societal acceptance and a well-functioning business and supplier ecosystem surrounding major industries, often by taking on loans and risks.

With Swedish regions holding political responsibility for leading and coordinating regional growth and development, they are uniquely positioned to mobilise and support regional actors behind industrial transformation. At present, it is unclear how the allocated resources will be distributed in order to reach a broad range of organisations and companies in line with the objectives of the Fund. European competitiveness requires that all types of regions – urban, industrial, sparsely populated and peripheral – have the opportunity to contribute. Municipalities and regions should clearly be included as potential implementers of the Fund's measures through targeted competitive calls.



In addition to the ECF, the National and Regional Partnership Plans (NRPP) play a significant role in strengthening European competitiveness. Alongside the ECF's large-scale initiatives, place-based initiatives with a bottom-up perspective are also needed, where local communities can build on their strengths and invest in long-term capacity-building, innovation and renewal in line with the EU's overall competitiveness priorities. Regional Smart Specialisation Strategies (S3) constitute a suitable tool that harnesses the capacity to contribute to European competitiveness at the local and regional level. They can ensure effective measures that build on regions' comparative advantages and support capacity-building to unlock development potential. The ECF and the NRPP, with regional involvement, complement each other and together have strong potential to strengthen European competitiveness.

Proposed amendments

- The Regulation should more clearly recognise the role of regions and municipalities in competitiveness and, in the case of large-scale industrial establishments, allow them to act as recipients of support under the ECF, not only companies. The support should be able to finance complementary local investments, for example infrastructure, housing, welfare services, industrial symbiosis and the development of local innovation and supplier ecosystems. Such support should be provided through competitive calls in line with the logic of the ECF and could either be applied for proactively by municipalities with strong potential for industrial establishment or after major industrial investments have been announced.
- In addition to the Competitiveness Fund, Cohesion Policy/NRPP are of decisive importance for Europe's competitiveness and provide significant European added value through an intervention logic that cannot be achieved through the ECF. NRPP (MFF pillar 1) have the capacity to strategically and over time strengthen local and regional ecosystems that broadly reinforce European competitiveness in a bottom-up manner and function best as an instrument separate from the ECF (MFF pillar 2).
- The Competitiveness Seal (a status granted to projects that receive a high evaluation but are not funded due to budget constraints and which enables financing through other funds) should be limited through clear parameters in the Regulation. At present, the ECF's instruments, evaluation processes and selection criteria remain unclear, making it uncertain which projects may be granted this status. Without clear limitations, the label risks being overused, creating market distortions and constituting disguised state aid. The similar concept of the Seal of Excellence in Horizon Europe does not carry the same risks, as the interventions are more clearly defined and the assessment is conducted by independent evaluators who ensure excellence and a high level of innovation. Furthermore, NRPP resources are needed for regional and local capacity building and should not be used to any significant extent to finance ECF projects with a Competitiveness Seal. The Competitiveness Council, which provides advice on the implementation of the ECF, should include regional representation with strong knowledge of the capacity of regions to contribute to competitiveness to ensure that the local and regional level is included among the implementers in the Fund's calls.
- When designing the Fund's instruments, caution should be exercised with instruments that require national co-financing. Access to co-financing risks leading



to fragmented markets with differing conditions for European companies, given the varying fiscal capacities of Member States and their different approaches to state aid for businesses. Such a design may ultimately contribute to competition between Member States for support rather than investments being guided by long-term competitive advantages, market potential and the overall quality of the business environment. This concern applies to instruments such as “Top-ups for IPCEI” and “Member States Compartments in the ECF InvestEU Instrument”.

CALLS FOR PROPOSALS

The proposed Regulation prioritises flexibility in order to respond to future crises and changing priorities, but at the expense of long-term planning, transparency and strategic initiatives. If the European Commission is given broad discretionary powers, this risks leading to short-term measures, excessive use of state aid or other instruments that primarily support the market rather than addressing market failures and reaching innovative companies. The ECF should instead be designed with a long-term perspective that makes use of the EU’s shaping influence to guide technological development and innovation through policy instruments, rather than functioning as a flexible instrument for reactive crisis management. The Fund should therefore be more clearly steered already in the Regulation and designed to better balance the need for flexibility with a long-term approach that sets clearer boundaries for how the Fund’s resources may be used.

Proposed amendments

- The ECF should be implemented with long-term work programmes in order to provide long-term strategic perspectives and predictability, preferably three years rather than the one-year programmes envisaged in the Commission’s proposal.
- The work programmes under the Regulation should consistently be adopted through the examination procedure of the comitology process, which gives Member States greater influence over calls, rather than the advisory procedure, which limits Member States’ influence.
- The possibility to adopt work programmes through the urgency procedure referred to in Article 15(6) should be applied restrictively and only in clearly justified exceptional cases. To ensure well-anchored decisions and Member States’ influence, this procedure should not be used as an alternative to the ordinary comitology procedure.
- Article 3(2)(a)–(d) sets out specific objectives for the respective policy areas, however these are formulated at a high level of abstraction. In order to strengthen the Fund’s predictability and effectiveness, the policy areas should be described in greater detail already in the regulation text.

OPEN COMPETITION AND PROJECT QUALITY (EXCELLENCE)

When public funds are used for investments in the Union’s competitiveness, it is necessary to ensure transparency, objectivity and predictability in decision-making. This is essential in order to achieve efficient use of resources and minimise the risk of market-distorting effects. It is therefore crucial that the entire ECF Fund is subject to clear requirements that support should primarily be awarded to the actions and projects that, on the basis of objective and predetermined criteria, best contribute to the Union’s politically defined objectives, while



administrative thresholds are kept low and requirements remain proportionate so that funding attracts the most relevant actors.

The proposal lacks explicit requirements that applications should be assessed through independent and competitive evaluation procedures. Combined with the proposed governance through work programmes and comitology procedures, this creates a risk that the European Commission will have considerable discretion in designing calls and allocating funding, which may lead to decisions perceived as arbitrary and difficult to predict.

PROPOSED AMENDMENTS

- The Regulation should establish a fundamental principle that all allocation of funds takes place through open, transparent and competitive calls with predefined selection criteria, in order to ensure efficient use of resources, equal treatment and a high European added value.
- Decisions on the allocation of funding should be based exclusively on independent and external evaluations according to the selection criteria established for each call.
- It is positive that the Commission's proposal for the ECF does not include territorial earmarking or pre-allocation between Member States or groups of Member States. In light of the geopolitical situation and Europe's productivity challenges, it is crucial that the Fund's resources are directed to the projects that demonstrate the highest quality and the clearest European added value.
- The requirements placed on beneficiaries in terms of reporting, control and monitoring should be proportionate to the size of the support, the level of risk and the target group. This is particularly relevant for micro and small enterprises in peripheral and sparsely populated regions with limited administrative capacity. Without such proportionality, support schemes risk being formally accessible but in practice inaccessible to the companies and actors the instruments are intended to reach.

BROADER THEMATIC FOCUS AND A MORE BALANCED THEMATIC DISTRIBUTION

The four policy windows in the ECF Regulation define the Fund's thematic areas of intervention and are broad, relevant and comprehensive. However, the indicative budget allocation shows an uneven distribution between the four policy windows, where "Resilience, security, defence industry and space" receive around 50 percent while digital leadership receives as little as around 10 percent (Article 4). With a planning horizon covering the entire budget period 2028–2034, the distribution should be more balanced to avoid placing a disproportionate focus on issues that are currently prominent, but rather focus on building competitiveness in the long term.

Proposed amendments

- The indicative budget allocation should be more balanced between the Fund's policy windows in order to better reflect the Union's overall industrial capacity and its potential for competitiveness.



LINKS BETWEEN THE ECF AND FP10

According to the Regulation, the ECF is to be developed in close interaction with the EU's Framework Programme for Research and Innovation, FP10, which may help ensure budget efficiency and a coherent funding landscape. At the same time, the ECF and FP10 constitute distinct instruments with different intervention logics and governance models, including different comitology procedures to establish and adoption of work programmes through committees. It is therefore important that FP10 and the ECF are introduced as two separate programmes and funds, which can be designed and adapted according to their respective objectives and purposes, while at the same time being coordinated in order to create a coherent investment logic and clarify the division of responsibilities between the funds, which in the current proposal appears unclear.

Proposed amendments

- FP10 and the ECF should be established as two separate programmes and funds that can be designed and adapted according to their respective objectives and purposes.
- Ensure a clear division of responsibilities between the ECF and FP10 that enables a coherent investment logic and clarifies the respective role and added value of each fund.

Adopted by Europaforum Northern Sweden on Mars 26th 2026.

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