



# Proposal for a New EU Financial Instrument to Enhance Europe's Strategic Competitiveness

The competition for investment is intensifying worldwide, including within the European Union. EU is at significant risk of lagging technologically behind major players such as China and the USA. Such a scenario could lead to unpredictable consequences for the EU's future. Continuous investment in strategic sectors is essential, underpinning not just strategic autonomy but also fostering economic growth and fair competition.

The EU should encourage a free and competitive market, moving away from current state aid flexibilities that prioritize national agendas on industrial policy. To this end, the Confederation of Finnish Industries – EK suggests a new EU investment financing instrument. This instrument would be dedicated to backing the most strategic and influential projects, structured to phase out existing state aid flexibilities and meet the essential needs of European strategic competitiveness.

## ESTABLISHING AN EU-LEVEL FINANCIAL INSTRUMENT TO SUPPORT INVESTMENTS CRITICAL TO EUROPEAN STRATEGIC COMPETITIVENESS

- Funds are to be allocated directly to the best companies and projects, following the excellence principle.
- Funding decisions are taken by the Commission based on pre-determined criteria, akin to the Horizon instrument's philosophy, and in contrast to the RRF's GDP per capita consideration.
- Investment focus in pioneering sectors such as emerging technologies, green growth, digital and cyber, defense industry.
- Spanning approximately 10 years, aligning with two Commission cycles, and targeting the impending 7-year funding period starting in 2027.
- Estimated financial scope is between 400 to 500 billion euros, with for example a grant-to-loan ratio of 50:50, designed to facilitate a decisive transition away from current state-aid flexibilities.
- The approach and administrative procedures must be business-oriented and business-centric.
- The primary financing options include increasing membership fees or new own resources, with the possibility of a joint loan as a final alternative.

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