

Business & Science Poland

Position Paper on the proposal for the Multiannual Financial Framework for the years 2028-2034

Executive Summary

As the largest Polish business representation in Brussels—bringing together companies employing over **260 000 people** across sectors such as energy, aviation, industry, and pharmaceuticals—**Business & Science Poland (BSP)** welcomes the start of discussions on the **next Multiannual Financial Framework (MFF 2028–2034)**.

The new budget will define the EU's priorities for the next decade. BSP calls for a framework that **strengthens Europe's industrial competitiveness**, ensures **security and resilience**, and remains **flexible, transparent, and fair**. From the perspective of BSP and its members, the following 5 points are an encapsulation of the principles around which such a framework should be built:

1. Budgetary Governance & Conditionality – Transparency, Uniformity, Flexibility

- Conditionality mechanisms must be **applied uniformly and transparently** across Member States, avoiding the penalisation of final beneficiaries.
- BSP proposes **mandatory alternative disbursement channels** (e.g. national agencies, universities) to safeguard access to EU funds in case of payment suspensions.
- The application of the Do No Significant Harm (**DNSH**) **principle** not constitute a funding condition. Budgetary tracking should aim to prevent administrative complexity and preserve competitiveness.
- **We welcome the exclusion of defence and security spending** from climate tracking and call for **technical guidance on DNSH by 1 January 2027**.
- BSP supports either **reducing the MFF cycle to five years** or **reinforcing the mid-term review** to ensure meaningful policy adjustments.

2. Own Resources System – Fairness, Sovereignty, Predictability

- BSP supports a **stable and transparent system of own resources**, ensuring the Union can finance shared priorities such as defence, digitalisation and the Green Deal.
- BSP strongly **opposes the CORE (Corporate Resource for Europe) contribution**, which would impose a new EU-level tax burden on businesses and undermine competitiveness.

- BSP rejects the **expansion of EU fiscal competences** through changes to Traditional Own Resources (TOR) and the redirection of national excise revenues, stressing that such measures **infringe fiscal sovereignty** and the principle of **no taxation without representation**.
- We call for a **renewed commitment to subsidiarity, transparency, and fiscal accountability in EU budget governance**.

3. Energy Transition & Industrial Competitiveness – A Pragmatic and Technologically Neutral Approach

- BSP calls for **dedicated MFF funding for decarbonising energy-intensive industries**, including both **CAPEX and OPEX support**, to counteract global subsidy competition (e.g. the U.S. IRA).
- The ECF must be **technologically neutral** and tailored to **Member States' structural conditions**, avoiding bias toward costly or low-impact projects.
- BSP proposes **national and regional funding baskets** to ensure fair access and cohesion, particularly for **CEE countries** with higher transition risk.
- Given investment needs exceeding **€40 billion annually for industry** and **€300 billion for the power sector**, BSP urges expansion of EU investment instruments and cross-funding between **ECF and CEF** windows.

4. Transport & Security – Building Resilience and Cohesion

- BSP welcomes increased funding for the **Connecting Europe Facility (CEF)**, the **TEN-T/TEN-E networks**, and **military mobility**.
- BSP calls for:
 - **Expanding the CEF** to at least **€100 billion**;
 - **Eligibility of national TEN-T sections** (missing links and bottlenecks) for CEF funding;
 - A **dedicated high-speed-rail envelope** within CEF;
 - Clear **coordination between CEF, ECF, and NRPPs**;
 - Allowing dual-use infrastructure to be excluded from the CEF climate spending target;
 - Prioritising funding for defence-related investments in **Member States** directly bordering Russia and Belarus .
- BSP supports establishing a **European Cohesion Fund** focused on transport and dual-use infrastructure and welcomes the **five-fold increase in defence and space funding** under the ECF.

5. Health Union & Pharmaceutical Security – Europe’s Strategic Health Sovereignty

- BSP welcomes the CMA and the allocation of **€22.6 billion** for the Health, Biotech, Agriculture and Bioeconomy window but deems it **insufficient** to meet EU-wide needs.
- BSP calls for a **dedicated Pharmaceutical Fund** under the MFF and a **separate CMA budget line**, ensuring predictable and transparent financing for critical medicines.
- BSP stresses that restrictive rules on technology transfer and IP cooperation would **hamper innovation and supply-chain resilience**.
- EU funding should cover **infrastructure, operational costs, R&D, training, stockpiling and regulatory expenses**, reflecting real industrial conditions.

1. Introduction

A new budgetary horizon, **first unveiled on 16 July by the European Commission President and Commissioner for Budget, Antifraud and Public Administration**, gave Europeans a first **glimpse into what the EC sees as priorities** that are to be tackled in the next 6 years window of budgetary action. The stated objectives of making the budget more flexible, better ready to address unknown circumstances (having learned the lessons from challenges of the last five years) and more focused on supporting competitiveness of EU’s industry (as per the prescriptions from Mario Draghi’s and Enrico Letta’s reports), while simultaneously addressing defence and security concerns, paint a picture of a more cognizant approach towards the challenges that the Union might have to face in the future. The **new budget will dictate the politics of the EU for years to come**, which is of particular importance in the unstable times we live in.

Given the above, Business & Science Poland (BSP) **would hereby wish to express its position on the newly presented proposal for the Multiannual Financial Framework for the years 2028-2034**, as a basis for its advocacy around the proper formulation of the EU’s budgetary vision which takes into account the needs of Polish businesses.

2. Budgetary Governance & Conditionality

The proposal on establishing a budget expenditure tracking and performance assessment¹ that accompanies the main MFF proposal, **sets out horizontal rules and principles** that in their stated purpose are meant to **reduce complexity and increase coherence of EU action**. Among these rules, except for the strengthening of the Rule of Law conditionality, are new proposals aimed at tracking compliance with climate, biodiversity and gender equality considerations, with the utilization of the DNSH (*Do no significant harm*) principles.

As for the former, the **strengthening of the application of the Conditionality Regulation**, meant to provide additional safeguards to ensure Member States respect rule of law and the Charter of Fundamental Rights, needs to be properly constructed in order to: I) **be applied transparently and**

¹ European Commission (2025) *Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance assessment framework*. COM(2025) 545 final, Brussels: European Commission.

uniformly across Member States, and II) not unnecessarily penalize the individual end beneficiaries when national government's are deemed in breach of the Regulation. In the same vein, it needs to be ascertained that the consolidation of funds under the National and Regional Partnership Plans (NRPPs) does not preclude local beneficiaries from having access to funds that are secured by them prior to the suspension of payments to a Member State. One possible method of safeguarding final beneficiaries would be via an introduction of mandatory alternative disbursement channels (e.g. national agencies or universities).

When it comes to the latter – the new horizontal rules on **DNSH principle application pertaining to climate, biodiversity and gender equality** – it needs to be made clear to what extent will these principles be applied, and whether just as budget tracking variables designed to ensure the mainstreaming of climate-associated expenditures, or as supplementary conditionality mechanisms for the provision of EU funds. BSP is of the position that attempts to introduce sustainability objectives as supplementary thresholds for the granting of EU funds, **especially for investments under the European Competitiveness Fund**, for ex., in **strategic technologies within, medicinal products, or industrial projects**, over and above the dedicated taxonomy framework for green investments, will necessarily introduce tensions and problems stemming from the **additional scrutiny to ensure that they do not harm environmental objectives**. This, in turn, could make **balancing competitiveness and sustainability considerations more difficult**, and possibly going against the animating principles of the budget focusing on rebuilding EU's competitiveness. Furthermore, if the system of adjudicating climate compliance by DNSH principles will be modelled after the taxonomy framework, it may be plagued by the same arbitrariness and complexity that has made it challenging to construct uniform definitions of what constitutes a “sustainable” or “green” investment or expenditure, thereby **potentially affecting the provision of funds**.

In the context of the above, BSP and its sectoral members **await the technical guidance on the horizontal rules of DNSH principle application**, that the Commission wills to present by 1 January 2027, and it welcomes the decision to **exclude defence and security spending** from the basis of the calculation of the climate and environment spending target.

Furthermore, in order to aid the specified objective of making **the budget more agile and flexible in its application**, BSP **advocates for two options**. The first proposal would be a more far-reaching intervention – a **reduction of the MFF duration to five years while maintaining investment planning tools** (e.g. a sectoral expenditure map). Whereas admittedly this solution could be a less feasible one, the alternative is **reinforcing the midterm review mechanism** to allow **meaningful adjustments and priorities** mid-cycle.

3. Own Resources System

BSP advocates for a fair and sustainable **Own Resources (OR) System** - the new own resources package must be fair, transparent, and stable, ensuring sufficient revenues to service shared liabilities like NextGenerationEU and to fund new priorities such as defence, digital transformation, and the Green Deal. It must demonstrate capacity to **sustain these commitments long term**.

However, the introduction of a **new European tax burden on companies**, in the form of the CORE (*Corporate Resource for Europe*) contribution from companies with over EUR 100 million in turnover, is in the opinion of BSP and its sectoral members, an **unnecessary and unassessed mechanism** which will

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make more **difficult the rebuilding of a competitive EU**. Given the numerous challenges on the global competitiveness front which EU companies already face, the additional barrier in the form of CORE will exacerbate these problems. This also applies to energy-intensive companies, facing abnormally high energy costs that erase their competitiveness when compared to entities from US and China. This **explicitly goes against the resolve of the European Commission to strengthen EU's competitiveness**, guided by the prescriptions from the reports of Mario Draghi and Enrico Letta, especially when the European industrial landscape already lacks behind the above actors, not least because of energy and EUA prices, as well as regulatory compliance efforts, which all feed into the costs of doing business. It is therefore advised that the **CORE resource be removed from the proposal**.

Another worrying element of the OR proposal is the expansion of fiscal competences of the EU, instantiated in solutions such as the reduction of collection costs retained by Member States for TOR (*Traditional Own Resources*), as well as the redirection of as much as 15% of tobacco and nicotine excise duty revenues towards the EU budget and away from the Member States.

The proposal effectively **constitutes a new European taxation regime**, which can be construed as being in **direct violation of fiscal sovereignty of Member States**. It imposes a claim on revenues that traditionally benefit national budgets by independently shaping the taxable bases and the destination of a proportion of the revenue, which is tantamount to a *de facto* power of taxation, even if these proposals are *formally* consistent with the Treaties. This is not only **an encroachment on the democratic accountability of the EU** – by bypassing control over tax revenues of national parliaments and the resulting breach of the “no taxation without representation” principle – but also given that no Member State is willing to vanquish its budgetary and taxation competences to the Commission of any other European institution. Supporting that construal is the ruling of the European Court of Justice, which in the *Thomas Pringle v Government of Ireland and Others* ruling has stressed that the actor responsible for economic policy and soundness of public finances is the Member State, and that the Union is only competent with regards to coordination measures, and not measures of direct economic policy, which evidently the OR proposals suggest imposing.² Consequently, the proposals to impose claims on Member States' revenues by revising the TOR and imposing the TEDOR contributions is a move which **crosses the line between a fiscal union of states and a union with fiscal powers**, and to that BSP and its members cannot concede.

4. A budget addressing energy needs of the Union

The MFF should include **earmarked funding for the decarbonisation of energy-intensive industries**. These resources should come either directly from the EU budget or from designated national sources, such as revenues from Emissions Trading System. MFF should further support the OPEX side, alongside CAPEX, for energy-intensive sectors, as it is essential to counter the IRA's operational subsidies, ensuring EU industries remain competitive, accelerate the green transition, and retain investment and jobs.

The current regulation proposal laying out the European Competitiveness Fund construction **does not yet adequately particularize the type of support and particular programmes** that shall be deployed in

² Court of Justice of the European Union (CJEU) (2012) *Thomas Pringle v Government of Ireland and Others*, Case C-370/12, Judgment of 27 November 2012, ECLI:EU:C:2012:756.

order to support the above processes, apart from the descriptive commitments laid out in Article 22 of Chapter IV.³

The mechanism of **allocating funds under the ECF via a competitive bidding system**, as laid out in Article 35 of the ECF regulation, **could potentially steer funds away from the most cost effective and emission-reducing projects in the EU**. This is because the system would skew towards the most expensive projects like e-SAF or RFNBO, which typically would be geographically limited, with lesser scaling potential, compared to, for ex. replacing coal-fired sources with high-efficiency gas-fired units, the emissions' reduction potential of which is much greater. For this reason, it is **imperative for the projects to be assessed against structural conditions and the scale of the challenges faced by individual Member States and regions**, which could be achieved by way of establishing national and regional funding baskets. According to Bruegel's 2025 analysis and Oxford University's Prof. Doyne Farmer Poland, alongside other CEE countries, has the largest proportion of its GDP being vulnerable to transition risk – at 43% – the concentration of EU decarbonization efforts should be most pronounced there.^{4 5} Unless the above projects are taken into consideration, **this will result in a massive exacerbation of inequalities** between the West and the East, and only a limited impact on reducing EU-wide emissions.

Furthermore, given that it is the **decarbonization potential of a project that has the greatest bearing on the achievement stated climate and sustainability-related goals** of the EU, it is necessary to expand the list of activities supported by the ECF to include projects that ensure significant reduction in emissions, but which were not so far selected by the European Commission, in line with the principle of technological neutrality, which is stressed as a basis for a successful transition to a decarbonized economy.

The above issues are compounded by the **lack of clarity with regards to eligibility criteria** for financing of certain investments complementing industrial decarbonization efforts, and pertain to investments such as aviation fuel distribution and storage infrastructure, or energy infrastructure (PV farms, terminal cooling and heating systems), which seem to be viable for Competitiveness Fund support under articles 3.2 (a), 33.1 (b), (d), and (i) of Chapter IV of the regulation, yet the contents of the regulation do not make abundantly clear the scope of eligibility of such projects.⁶

As far as the scale of funds to address clean transition is concerned, the 26.21 billion euros to be committed towards the first ECF intervention – the *Clean Transition and Decarbonisation* – is an amount that is **immaterial in contrast to the scale of the challenges** that the EU industrial sector faces. The European Commission's estimates of EUR 38-48 billion per year between 2031 and 2040 of annual energy transition investment needs are insurmountable, even if we consider an additional EUR 41.206 billion of Innovation Fund financing, which complements the MFF component. The **inadequacy of EU budgetary support is even more evident when we consider that the EC estimates do not take into account the needs of the electricity sector**, which in themselves are somewhere in the range of EUR **236-341 billion per year**.

³ *Ibid.*, Article 22, Chapter IV.

⁴ Schoenmaker, D. and Schramade, W. (2025) *Measuring GDP at risk in the low-carbon transition*, Brussels: Bruegel. Available at: <https://www.bruegel.org> (Accessed: [01.10.2025]).

⁵ Farmer, J. D. (2025) *Making sense of Chaos: A better economics for a better world*, presentation at CEE Sustainable Finance Summit, organised by the International Sustainable Finance Centre, Prague, May 19th 2025.

⁶ European Commission (2025) *Proposal for a Regulation of the European Parliament and of the Council establishing the European Competitiveness Fund (ECF), including the specific programme for defence research and innovation activities*. COM(2025) 555 final, Brussels: European Commission.

Given these substantial financing needs, BSP urges the European Commission and other institutional parties to **consider an expansion of the investment instruments that could be utilized to cover them.** In the context of the Commission's proposal, the fourth intervention of the ECF – the *Defence, Space and Military Mobility* component – stands out as the most appropriate source of additional funds for industrial decarbonization needs, especially as within the draft regulation itself it is stated that the ECF shall pursue the following specific objectives *“reinforcing Europe’s resilience by strengthening the Union capacity in exploration, extraction, processing and recycling of raw materials and diversifying supply sources and markets, and improving the timely availability of such products”*.⁷

5. Securing transport and security needs of European citizens

BSP welcomes the proposal to increase the funds under **Connecting Europe Facility**, the associated increase in military mobility spending to EUR 17.651 billion, as well as the ambitious aims to finalize the TEN-T and TEN-E networks. To ensure the timely completion of the Trans-European Transport Network, including its high-speed rail components, it is essential that all cross-border sections, missing links, and bottlenecks be fully eligible for funding under the CEF.

We strongly question the proposed reliance solely on the National and Regional Partnership Plans (NRPPs) to support national TEN-T sections, while placing a strong focus on cross-border sections under the CEF. Such an approach might be justifiable if most Member States had already developed dense national high-speed rail networks and the sole objective were merely to connect these existing networks. However, the reality is quite different: dedicated high-speed rail infrastructure exists in only seven EU countries, and only four of them have a comprehensive national network. While we welcome the inclusion of TEN-T within the scope of the NRPPs, effectively excluding national TEN-T sections from the CEF at the same time risks leaving key parts of the high-speed network underdeveloped, thereby undermining the EU's broader objectives of connectivity, cohesion, and modal shift. Moreover, the CEF is a dedicated, streamlined funding instrument focused exclusively on transport and energy infrastructure, managed centrally by CINEA. In contrast, the NRPPs encompass a broader range of policy areas and are managed through a more complex, decentralized framework involving multiple national and regional authorities. This structural difference means that a simplistic division - cross-border sections funded by the CEF and national sections by the NRPPs - appears attractive on paper but, in practice, results in significantly different conditions for securing funding.

Building on the concerns outlined above we **postulate addressing regional disparities in high-speed rail (HSR) infrastructure density** as a priority within the next Multiannual Financial Framework. Ensuring balanced regional connectivity is fundamental to achieving territorial cohesion, economic equity, and sustainability. Thus, tackling these disparities should become an explicit agenda item, warranting dedicated investment initiatives and targeted policy frameworks. **National TEN-T sections, are a *sine qua non* condition for a fully integrated TEN-T system.** Such support is vital for Member States which are in the process of designing or constructing their first HSR lines. This is especially important considering that properly developed domestic sections are a necessary precondition for the development of international corridors, which as history shows, have been a key driver of cross-border integration and economic cooperation. However, the launching of high-speed rail connections with cross-border sections alone is not an economically viable enterprise, given the lack of passenger traffic sufficient to render such operations profitable. Therefore, the new CEF should take a more flexible

⁷ *Ibid.*, Art. 3, paragraph d.

approach and be constructed in a way that strengthens interoperability and multimodal integration of regions where HSR already exists, but also supports investments in national TEN-T sections of Member States which have only begun developing their HSR networks. Such an approach would be based in the principle of cohesion and aid the completion of the TEN-T network, which ultimately is the main aim of the CEF programme.

The figures in Sustainable and Smart Mobility Strategy⁸ show an expected doubling of passenger traffic on high-speed rail until 2030, and a tripling until 2050. Recognizing the above, as well as the strategic importance and ambitious objectives of both the TEN-T and TEN-E initiatives, **we advocate for the scale of the next Connecting Europe Facility to be expanded even further**, reaching beyond the current 2.4 times increase, to at least 3 times the size from the last budgetary horizon – meaning at least **EUR 100 billion** should be allocated to the new CEF. This essential not only for addressing historical underinvestment but also for laying the groundwork for future resilience, economic competitiveness, and European strategic autonomy in infrastructure

So as to accommodate the above circumstances, the ambitious objectives set forth by the TEN-T policy and the forthcoming European Plan for High-Speed Rail, it would be appropriate to create a focused and dedicated funding mechanism. Specifically, the establishment of a **separate funding envelope within the next Connecting Europe Facility**, exclusively earmarked for **high-speed rail projects**, is necessary to ensure focused investment, streamlined project implementation, and the successful attainment of the strategic objectives inherent in Europe's rail connectivity ambitions.

Moreover, to ensure the **effective and coherent implementation of TEN-T** within the new MFF framework, which spreads TEN-T objectives across multiple instruments, **clear coordination between the Connecting Europe Facility (CEF), the European Competitiveness Fund (ECF), and the National and Regional Partnership Plans (NRPPs) is essential**. Each instrument has a distinct scope, management structure, and set of priorities. Establishing strong mechanisms for synergy and alignment will improve the functionality, efficiency, and transparency of funding processes, making it easier for project promoters to apply for and access EU resources.

In light of escalating geopolitical tensions, notably Russia's continued aggression, the EU budget must explicitly integrate dual-use infrastructure considerations into its funding priorities. **BSP welcomes the EUR 17.651 billion**, amounting to a tenfold increase compared to current expenditures, **that is earmarked for military mobility**. There needs to be a **further emphasis on dual-use infrastructure** which will reinforce Europe's strategic autonomy and security resilience.

Firstly, **the military mobility part of the CEF should be explicitly exempted from the climate spending target (70%)** to prevent any limitation on projects essential to Europe's security. Critical infrastructure investments - including airport hubs and their multimodal rail and road connections - must remain fully eligible under the CEF's military mobility component. Such an approach is vital to safeguard the Union's defense readiness and enhance resilience across transport corridors.

We encourage the Commission and Member States to review and, where necessary, update Annex II to the Military Requirements for Military Mobility within and beyond the Union before the final

⁸ European Commission (2020) *Sustainable and Smart Mobility Strategy – putting European transport on track for the future*. COM(2020) 789 final, Brussels: European Commission.

adoption of the new CEF Regulation. This would ensure that identified needs remain fully relevant, up to date, and aligned with the evolving operational and strategic priorities of the Union

We also welcome the **five-fold increase on defense and space spending under the European Competitiveness Fund** (budgeted at EUR 130.704 billion). It is important that the EC can increase the resolution of the commitment of those funds towards the particular programmes that will strengthen the European Defence Union, in the coming months. It is important that these funds be utilized to support the scaling and resilience of the European defence sector, streamline common procurement procedures as well as increase spending towards defence R&D.

Finally, in the context of defense spending across the Union's programmes, **a proportionately larger part of the funds** available through them **should be earmarked for Member States, which border Russia and Belarus**, as is with the bonus for said countries within the National and Regional Partnership Plans, and the associated plans to triple the spending on the defence of EU's external borders. The security of the European Union necessitates the fullest defensive capacity of regions that border Russia and Belarus, but also countering the weaponization of migration flows, as carried out by Belarus against Poland and Lithuania. The above threats therefore fully warrant substantive additional expenditure towards countries such as Poland, Romania, and the Baltic states.

6. Achieving the Health Union and securing medicines' supply

BSP and its sectoral members also **advocate for the creation of a properly functioning Health Union**, and note with attention the devising of EUR 22.593 billion of the European Competitiveness Fund's resources for the aim of the *Health, Biotech, Agriculture and Bioeconomy* policy window, yet view the funds committed towards that aim as not nearly enough to cover the pan-European needs of the health and biotechnology sectors. We advocate for a proportion of the budget committed towards health related goals to correspond with their societal salience and import for a prosperous and resilient Union. Furthermore, we are of the position that health and biotech goals should be divorced from agriculture and bioeconomy, inasmuch as the budgeting philosophy is concerned.

One of the priorities in the area of securing health outcomes for EU citizens should be the support and securing of medicines' supply to patients, an area of EU policy which is addressed the Critical Medicines Act. In order to ensure the CMA genuinely achieves its objectives, BSP calls for decisive EU actions structured around dedicated funding, streamlined processes, and operational flexibility under the ECF proposal.⁹ In this regard, we propose the introduction of a **simplified implementation procedure for projects holding a Competitiveness Seal (Article 12)**¹⁰ to accelerate disbursement and reduce administrative burden for strategic projects. Furthermore, BSP advocates for the establishment of a **dedicated Pharmaceutical Fund** at EU level—either modelled after **NextGenerationEU** or integrated within the forthcoming **Multiannual Financial Framework (2028–2034)**—to guarantee targeted and sustainable financing for Europe's health sovereignty. The CMA should also receive a **separate and identifiable budget line**, independent from **Horizon Europe**, **EU4Health**, or **STEP**, ensuring transparency and avoiding competition for already constrained resources.

Such approach will avoid competition for already overstretched resources, guaranteeing new and targeted funding specifically dedicated to enhancing Europe's health sovereignty. Furthermore, under

⁹ *Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities (COM(2025) 555 final)*

¹⁰ *Ibid.*, Art. 12

the provisions of the ECF, the limiting of technology transfer to third countries after 5 years of the cessation of a project, as well of international cooperation, will substantially hinder the possibility of exchange with global firms and research institutions which often have IP proprietorship or technological components and platforms necessary for the production of active pharmaceutical ingredients (APIs) and various biotechnological projects. The requirement of exercising full control of every component of the value chain will also substantially immobilise efforts to innovate and increase costs of production of medicinal products. This will severely hamper the achievement of a truly resilient and strategically independent Health Union, and instead cause breakages of supply chains leading to medicine and pharmaceutical shortages, leading in turn to a fragile EU. Furthermore, **Article 14**¹¹ should ensure **mandatory representation of high-innovation sectors**—including health, pharmaceuticals, and biotechnology—within advisory boards, while guaranteeing that **SMEs and start-ups** are adequately represented in thematic platforms. The European Commission and implementing partners should be required to **consider the recommendations of these advisory bodies** in the formulation of work programmes, and to provide **written justification** in cases where such recommendations are not reflected.

In order to **mitigate the above described** risks associated with limited resources more generally, it is imperative to not only increase the **budgetary allocation towards health and biotech**, but also to **increase the long-term predictability of projects** which require multi-year investment commitments, and avoid the technological isolation of the EU —the latter being a necessary condition of spurring innovation in biotech and pharmaceuticals. In that vein, we also postulate the possibility for projects under the ECF disbursement mechanisms to be financed beyond 2034, which would increase not only the stability and predictability of i.e. state aid provision, especially for long-term projects in clinical trials, as well as the research and development (R&D) of pharmaceuticals and biotechnology. In the context of Article 3 point 2b, it would also be worthwhile to concretize the reference to R&D activities, as the current usage of terms such as “*discovery, development, derisking, demonstration, piloting and scaling-up*”, „*biotechnology innovations*” does not cover such research and development explicitly.

As far as the disbursement of funds is concerned, **we propose a hybrid fund sharing mechanism**, allocating 40 to 50% of resources based on solidarity criteria, including population size, level of medicine shortages, and economic conditions, while allocating the remaining 50 to 60% competitively through open calls to reward innovation and efficient project management. Projects granted a **Competitiveness Seal** should be **automatically eligible for consideration under the Scale-up Facility (Article 22)**¹². In addition, a **central coordination mechanism** within the CMA should be established to plan, allocate, and monitor investments systematically, with the inclusion of **sectoral expertise and SME/start-up representation**, ensuring strategic coherence and avoiding duplication or inefficiencies across Member States. Recognising the urgent nature of health security projects, **flexibility in applying stringent ESG standards, including the DNSH criteria of budgetary tracking, is recommended**.

Finally, EU funding must encompass not only infrastructure investment but also **operational and cost-equalisation mechanisms (Article 20)**¹³ to address the production-cost disparities of strategically significant components – particularly APIs – relative to third countries, including those in Asia. Such mechanisms could take the form of **cost-compensation schemes, minimum-price guarantees, or other operational support instruments**, designed to ensure the global competitiveness of pharmaceutical

¹¹ *Ibid.*, Art. 14

¹² *Ibid.*, Art. 22

¹³ *Ibid.*, Art. 20

manufacturing within the EU. Funding should equally cover **production standby capacities, workforce training, stockpiling logistics, and regulatory costs**, reflecting the practical realities of industrial-scale medicine production.

7. Conclusion

The new European budget proposal constitutes a vision for EU's action beyond the current programming horizon, and by virtue of that fact it lays out a new era of EU's functioning, as does every new MFF. After all, it is the financial arm of the Union, which instantiates into reality the vast number of initiatives and policies that animate the polity that is the EU. The incoming MFF **proposal signals a shift in EU's priorities** that was already evident with the commencement of Ursula von der Leyen's second cabinet, and that was fundamentally stirred by Mario Draghi's *More than a Market* report. The proposal boasts a larger sum of money meant to be programmed in a way that is undergirded by the concern of reviving European competitiveness, virtually across all budgetary positions, from agriculture, scientific research and transport to health spending and decarbonization efforts. While that fundamental narrative is a good framework for budgeting European funds, upon a more high-resolution inspection of the proposal's details, it becomes apparent that it **both falls short of what could be considered necessary** for the upkeep of the bloc's competitiveness, **and goes too far in the its centralizing and competence-expanding** tendencies.

An example of the latter is the introduction of new budget tracking tools and conditionality provisions, **which run the danger of being utilized arbitrarily** with regards to programming funds in a way that is considered useful not by the sectors and actors in a market reality, that are the recipients of those funds, but by a framework of bureaucratically-derived frameworks, which either prioritise the wrong aspects of said market, or block access to funds on the basis of a untransparent decision-making. It is therefore important to instantiate tools to make sure that the budget tracking and conditionality tools are uniformly and justly applied, without prejudice to the EU priority of restoring competitiveness. Another example is the Own Resources proposal, which forsee an imposition of a heavy burden on home companies in situation of their diminished global competitiveness (in the form of the CORE contribution, or proposes an expansion of EU's fiscal space at the cost of Member States budgets, balancing on the verge of compliance with the Treaties. These aspects certainly need deeper deliberation and consultation before any decision to integrate them into the EU legal landscape is enacted.

As for the former, while **conceding that committing more funds for energy transition, military operation capabilities, transport and health is a step in the right direction**, it has to be underlined that the scale of funds is oftentimes **too modest to accommodate the challenges that our industries face in the global competitiveness paradigm**, and the manner in which the funds are disbursed – like in the example of the competitive bidding mechanism under the ECF – are constructed in a way that misses the mark with regards to true progress and matters such as substantial decarbonization potential and innovative capacity. It is also important to realize that the circulatory system of our European economies – the transport infrastructure, alongside its rail component – will not be properly functioning and foster common security unless there its **properly cohesive and uniformly developed** – hence we opt for a **better addressing of the national portions of the HSR infrastructure**, among other aspects. Finally, without a **reconsideration of the manner in which health and biotechnology sectors are targeted under CMA and the Competitiveness Fund** – with a proper support for innovative capacity and international cooperation building – we **cannot get closer to the achievement of an actual, properly functioning Health Union**.

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In light of the evidence provided by our members and partners, Business & Science Poland **calls for an EU budget that strengthens competitiveness**, not bureaucracy, protects Europe's security and health resilience, invests coherently across regions and sectors, and ultimately keeps Polish and European businesses at the heart of the Union's transformation. **We stand ready to work with EU institutions to shape a Multiannual Financial Framework that delivers on Europe's strategic autonomy, industrial renewal, and social cohesion.**

Business & Science Poland (BSP) connects the experience of leading Polish enterprises with the EU agenda. We represent the knowledge and interests of successful entities, which employ over 180,000 workers in Poland, EU and globally. We are committed to advancing the EU and its values in sync with the need to transform it responsibly and effectively.