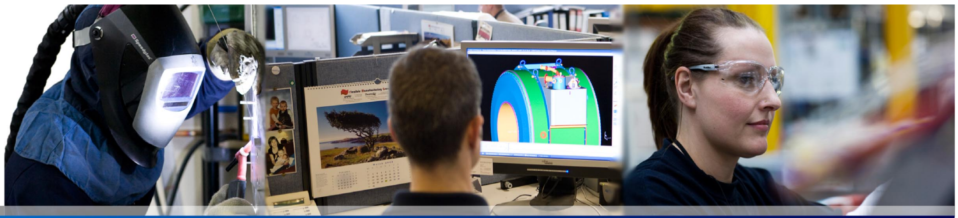
efm
EUROPEAN FORUM for MANUFACTURING



EUROPEAN COMPETITIVENESS FUND
Increasing Investment in Advanced Manufacturing –
Europe's Industrial Backbone

Wednesday 29 January 2026

18h00 Cocktail – 18h30 Roundtable – 19h30 Dinner & Debate
Members' Salon, European Parliament

Organised in partnership with ORGALIM & CECIMO

INTRODUCTION BY PARLIAMENTARY HOST

Sara MATTHIEU MEP, Greens - Belgium, Industry, Research and Energy Committee

I am pleased to host you here tonight to discuss the European Competitiveness Fund. This Fund essentially consolidates 14 individual funding instruments into one single investment capacity.

In a way, if I can borrow Draghi's words, this will be the investment bazooka of the next Multiannual Financial Framework [MFF].

And the debate on funding and investment tonight comes at the right time. In two weeks, European leaders will discuss competitiveness at an informal meeting in Alden Biesen. It is important that these Heads of State understand that the world is quickly changing. And therefore, our industrial policy should also change quickly.

Take the example of China, which has made the conscious decision to massively invest in strategic technologies and their supply chains. There is much to criticize about unfair Chinese trade practices, human rights and labour abuses and much more. But they understood well that keeping the status quo on life support is not an option. They understand that sprinkling small innovation funds on a dying industry system is not an option.

So, the lesson is especially clear for Europe, which suffers from a massive investment gap: we urgently need to finance the transition to a modern, green and clean manufacturing base. In that sense, the signals we get from leaders in Germany and Italy are missing the mark (some of you may have read their Non-paper).

Once again, they double down on deregulation, but keep silent about industrial strategy, financing investments and capital markets. They invoke Draghi and Letta on simplification, but forget their call for common investment and strategic state aid. Essentially, their rollbacks and concessions to national flexibility hurt the EU's capacity to protect our markets and citizens.

This recipe of industrial nationalism is not driving Europe toward autonomy, it steers us toward dependency: on China and the US.

Our leaders must focus on the task at hand!

Which is finding the funding for Draghi's investment bazooka, which he estimated at €450 - €660 billion!

The European Competitiveness Fund as it stands will be a big part of that. Although it is also clear that in addition, we will also need more joint borrowing – if we are honest this will be inevitable down the line – more own resources and rerouting fossil fuel subsidies and private capital

How this fund will operate and what your priorities are: that is what we want to hear from you tonight.

I myself will be looking at this from the employment perspective, ensuring that these investments benefit workers and their skills (=social conditionalities).

And in that sense, this will also feed into the work on the Accelerator Act which I will cover from ITRE perspective, as both are two sides of the same coin.

It is a particular pleasure to welcome our first speaker from the European Commission.

EUROPEAN COMPETITIVENESS FUND - DRIVING INNOVATION AND DEPLOYMENT FOR EUROPEAN INDUSTRIES

Alexandr Hobza, EUROPEAN COMMISSION, Cabinet Member, Executive Vice President Stéphane Séjourné, Chief Economist, Responsible for Investments and Innovation,
(Points noted from the presentation)

I will speak about the European Competitiveness Fund and how it fits into the overall industrial policy that the Commission is proposing. But let me start by framing the discussion more broadly, very much in line with what has already been said.

I think we would all agree that the situation of the European economy is rather serious. We are facing very strong competition, not only from China, but also from other economies. The global order as we knew it is falling apart, and we are experiencing increasing fragmentation. This weighs on the economy in general, but especially on European industry, which has been at the heart of our economic performance over past decades.

When we look at the situation more closely, we see that on the one hand, Europe is experiencing a growing competitiveness gap vis-à-vis the United States. This is something the Draghi Report has documented extensively. At the same time, we are also quickly losing ground to China in areas such as disruptive digital technologies and the scaling up of green industries. These are sectors where, only a few years ago, Europe believed it was relatively secure. Today, this is no longer the case. Competition is increasing very rapidly, and China is accumulating very large overcapacities in these sectors.

The Draghi Report, but also the Letta Report, analysed the reasons behind this underperformance. They identify several key issues:

- subdued investment, particularly since the global financial crisis
- low productivity growth, linked to an innovation gap
- insufficient adoption of new technologies
- structural weaknesses in ICT specialisation, and
- difficulties for young, innovative companies to grow and scale up in Europe.

All of these factors contribute to Europe's relative underperformance compared to other major economies.

This situation clearly calls for strong and decisive policy action, combining investment on the one hand, and regulatory and broader policy measures on the other.

Many believe that the advent of artificial intelligence and digital technologies represents a transformation comparable to previous major technological revolutions. If this is true, then the economy will be fundamentally reshaped. We will need to transform our traditional industries, while at the same time shifting more strongly toward new industries that generate high productivity growth, as we see in the United States.

This is a very demanding task. Twenty years from now, the European economy will look very different from today. Either we will succeed and move onto an upward path, which is what we are here to discuss, or we will face decline. Mario Draghi has described this latter scenario as a “slow agony”. There are no longer many middle options.

So how do we ensure that Europe follows the positive path?

We need massive investment. Initially, Draghi spoke of up to €800 billion per year. More recently, he referred to figures closer to €1.2 trillion. These are enormous amounts. Clearly, this cannot come from the public sector alone. We must therefore focus on how to stimulate private investment. However, the public sector will still play a very important role.

Recent research, including work looking at the United States, shows that innovations co-financed by public and private actors deliver higher productivity gains than those financed purely privately. This interaction between public and private investment is therefore crucial.

The Commission has taken the recommendations of the Draghi Report very seriously. In the Competitiveness Compass, we have put forward a clear industrial strategy for Europe based on three pillars: innovation; decarbonisation combined with competitiveness; and resilience.

Over the past year, the Commission has already presented many proposals linked to these pillars. One particularly important proposal, which we are discussing tonight, relates to the next Multiannual Financial Framework, and specifically to the creation of the European Competitiveness Fund.

We believe a new level of ambition is required to support the transformation of the European economy. The proposal includes opportunities for many parts of industry, including advanced manufacturing.

Let me now turn specifically to the European Competitiveness Fund [ECF].

The idea of the Fund originates from the Draghi Report and is closely linked to the analysis of what the European economy needs in the current geopolitical context. We believe Europe requires a comprehensive and powerful tool to strengthen competitiveness under increasingly difficult global conditions.

Our objective is to prevent European companies from developing technologies in Europe only to seek financing elsewhere and eventually grow outside the EU. Europe is very strong in scientific research and technological knowledge, but too often this excellence does not translate into production, jobs, and market leadership within Europe.

We want to reverse this trend. We want to translate scientific excellence into technological capabilities, quality jobs, increased global market share, and production here in Europe.

This is why the European Competitiveness Fund is designed to cover the full investment journey: from early research; through innovation; scale-up, and finally market deployment. While elements of this already exist in current instruments, they have not yet been brought together in a coherent and efficient way.

Under the ECF, we want to bring together a number of existing programmes under a single framework, with a single rulebook. This responds directly to feedback from beneficiaries, who often tell us that the funding landscape is too complex, that they do not know where to apply, and that rules vary too much.

The aim is to ensure continuity, clarity, and flexibility. Different sectors and technologies have different needs. Some require heavy research and innovation investment; others need support for deployment and market uptake. The fund must be able to respond to both.

In terms of scale, the ECF is foreseen to have an envelope of around €335 billion. The final figure will depend on negotiations with the European Parliament and Member States. If we add Horizon Europe and contributions from the Innovation Fund, the total reaches around €450 billion. While this still falls short of overall investment needs, the objective is to leverage private capital as much as possible.

The fund will focus on four strategic windows:

- The first concerns the clean transition and industrial decarbonisation, with a specific objective of strengthening EU capacity in innovation and deployment of advanced manufacturing and advanced materials.
- The second window focuses on health, biotechnology, agriculture, and the bioeconomy.
- The third addresses digital technologies.
- The fourth focuses on resilience, security, defence, and space.

Another important innovation of the fund is the range of financial instruments it will use. These include grants, loans, guarantees, quasi-equity, equity, blended instruments, and public procurement. This flexibility is essential, as different stages of innovation require different tools.

For example, fundamental research often relies on grants, while disruptive innovation and scale-up may benefit more from equity and venture capital-type instruments.

We already see how effective this approach can be through InvestEU. Under current InvestEU equity products, around €5 billion in EU guarantees has mobilised close to €94 billion in investment – a multiplier of almost nineteen. This shows how public money can effectively leverage private investment, although results will vary across sectors.

The ECF will be closely linked to Horizon Europe. Horizon has been very successful in supporting research and innovation. By strengthening the link to commercialisation and deployment, we aim to complete the innovation and investment journey and address Europe's innovation gap more effectively.

The Fund will also introduce new tools, such as:

- Single Market Value Chain Builders
- EU Tech Frontrunners
- Production ramp-up actions, and
- Top-ups to Important Projects of Common Interest [IPCEI].

These mechanisms address specific gaps. For example, the EU Tech Frontrunners concept draws inspiration from successful models in Finland, where large companies anchor ecosystems of start–ups, suppliers, and research institutions.

All these tools are designed to strengthen value chains and boost Europe's competitiveness.

With this overview, let me conclude. If adopted in the spirit in which it is proposed, the European Competitiveness Fund can become the investment vehicle of a more strategic, clearer, and more agile European investment policy, fully aligned with our competitiveness agenda.

Javier Ormazabal Echevarria, VELATIA, President & ORGALIM, President

As a young man, I visited the Ormazabal factory. It felt advanced and progressive. It was full of new techniques, smart systems and clever people. When my daughters visit the Ormazabal factory today, they see the same things: advanced technologies, intelligent systems, talented engineers.

And yet, they are not the same systems I saw. Why is that?

Because no matter how automated and digital we become, human curiosity does not stand still. The most advanced technologies of today will always look old-fashioned to the next generation. Manufacturers are engineers. And engineers cannot help but ask a simple question: "what is next?"

This evening, we are here to discuss the investment needed in manufacturing in Europe. And I want to start with the good news.

European companies are global leaders in advanced manufacturing. We lead in digital systems, robotics, automation, power electronics, smart electrical infrastructure devices and circular production methods. Europe is exceptionally strong at developing innovative new technologies. But too often, that is where the story ends.

Too many of the technologies invented here are scaled elsewhere. Too many of the factories of the future are conceived here and built outside Europe. Too much of the value creation and the resilience leak away.

So, what is my proposal?

In recent days, we have heard a lot about the so-called trade bazooka.

This evening, I would like to propose something different: The Research Bazooka.

We should make the European Competitiveness Fund a true launch pad for European manufacturing. Not a fragmented funding tool, not a niche programme for a few sectors, but a strategic instrument. We must reverse under–investment and we must support innovation as the foundation of Europe's industrial strength, qualified employment and ultimately, European welfare.

Concretely, this means three things:

- Scale and Simplicity
  The European Competitiveness Fund must be large enough and simple enough to matter. Today, many companies – especially industrial ones – find EU funding slow, complex, and unpredictable. If we want firms to invest in Europe, access to financing must be faster, clearer, and aligned with industrial timelines.

- Industry Involvement
  Those working in factories and supply chains understand where investment has the greatest impact. Whether in automation, electrification, digital twins, or advanced materials, industry must be closely involved in setting priorities, so funding supports real deployment, not just promising prototypes.

- Private Capital
  Public money should not replace private investment, but de-risk it. A stronger, more predictable European Competitiveness Fund would give confidence to long-term investors and help mobilise private capital at scale.

This is also where Horizon Europe matters. Horizon should continue to push the technological frontier and ensure a stronger bridge to industrial deployment. Enabling technologies like advanced manufacturing, AI-enabled production, power electronics, and clean industrial processes must play a central role in future research programmes, not as horizontal add-ons, but as strategic priorities.

But funding alone will not be enough.

Europe must generate demand through public procurement and financing, or incentives that contribute to strengthening its own industrial capacity. This is not about protectionism, but about strategic coherence: promoting high-value activity, preserving the intellectual property created in Europe, and consolidating qualified jobs. An intelligent use of the Single Market allows for scale, resilience, and technological leadership in a competitive environment.

We need better coordination of national incentives, fewer distortions across the Single Market, and clearer signals about where Europe wants to build more capacity whether in clean tech, defence, mobility, or energy systems.

Productivity gains in manufacturing do not stay in one sector; they lift the entire economy.

This is why we must deploy investment urgently, constantly and strategically.

Manufacturing is not just another sector. It is the backbone that turns innovation into resilience, competitiveness and enables advancement across all of our industries.

To do that, we also need forward-looking policies. We want to ensure the next generation can go further than we did. That is what my father wanted for me, and it is what I want for the next generation and the one after that.

On a personal note, I believe that curiosity matters more than ever today. I know this is not an easy moment to look ahead. Europe's industrial future is being shaped in a far more unstable world. Strategic competition is intensifying. Trade is increasingly weaponised. Access to critical technologies and materials is now a question of resilience and security.

But looking to the future is often the best way to navigate a turbulent present.

In this context, advanced manufacturing is not just about efficiency or cost. It is about Europe's ability to act - not only to react.

Even the most advanced technologies we have today will soon seem old-fashioned. Let's really use The Competitiveness Fund and Horizon Europe to power advancement into the future.

I leave you that idea: The Research Bazooka.

François Duval, UNITED MACHINING, Managing Director & CECIMO President

Europe's future prosperity and strategic autonomy depend on a strong, modern industrial base enabled by 'EUmade' advanced manufacturing technologies.

At CECIMO, we believe that without decisive action, the European Union risks adding this strategic sector to the growing list of technologies on which it depends on foreign countries.

The situation of the machine tools sector illustrates this challenge clearly. For decades, this sector has been a cornerstone of European competitiveness, innovation and productivity, supporting high-skilled jobs, integrated value chains and industrial growth.

Today, however, its position is under growing pressure. Production declined by 9.2% in 2024, with a further decrease of around 8.5 % expected in 2025. A combination of shocks - from the pandemic and inflation to geopolitical tensions, supply chain disruptions, trade frictions and increasing competition from China - is eroding its global standing and putting its long-term resilience at risk, despite the sector's strong capacity to adapt.

Machine tools are only one example of the advanced manufacturing technologies on which Europe's industrial base depends. These technologies determine how Europe produces equipment and components for key sectors, including energy, transport, healthcare, aerospace and defence. They are essential to productivity, skilled employment and industrial efficiency. Without a strong manufacturing base, Europe cannot sustain its competitiveness or deliver on the green and digital transitions.

Other major economies, particularly China, have followed a consistent long-term industrial strategy over the past decade. Through sustained public investment and the scale of their domestic markets, they have built leadership across the full manufacturing value chain, from research to industrial deployment. In other economies, the strategic importance of these technologies is equally clear. In the United States, advanced manufacturing is increasingly treated as a matter of national security, reflecting its role in economic strength and industrial resilience.

If Europe wants to avoid further loss of ground and growing dependency, advanced manufacturing must be treated as a strategic priority for the European Union.

In this context, the European Competitiveness Fund represents a decisive opportunity for Europe.

If designed and implemented correctly, it can become the main instrument to support the industrial scale-up and deployment of advanced manufacturing technologies. At a time when private investment is under pressure, the Fund can help bridge the gap between innovation and production, support factory modernisation, and accelerate the uptake of advanced equipment across Europe.

By focusing not only on research, but also on industrial deployment and market uptake, the Competitiveness Fund can play a key role in strengthening Europe's production capacity, reducing strategic dependencies and ensuring that the value created by European innovation is industrialised in Europe.

The vision for CECIMO is clear:

- Europe must aim to lead in advanced manufacturing technologies by placing them at the centre of EU industrial policy and funding programmes. This is essential to give companies the confidence to invest, industrialise and scale solutions developed in Europe.

- Europe must modernise its industrial capacity across the entire Union. Progress cannot be limited to a small number of regions. European action should better align national strategies and EU instruments to support factory modernisation, the deployment of modern equipment and the upgrade of production capabilities – particularly for small and medium-sized companies, which form the backbone of European industry.

- Europe must improve its ability to turn innovation into production by fully using the potential of the Single Market. Reducing fragmentation and enabling companies to operate and scale across borders are essential to bring innovation into factories, strengthen competitiveness and reduce strategic dependencies.

- People must remain at the centre of manufacturing. Skills shortages are already constraining growth. Europe must invest in education, training, reskilling and lifelong learning, while ensuring that new technologies improve working conditions, safety and job quality.

In this context, the European Parliament can help accelerate progress. This is why we call on Members of this European Parliament to initiate and support a dedicated own-initiative report on advanced manufacturing. Such a report would be an important first step to place production technologies firmly at the heart of EU industrial policy and to guide concrete, coordinated action across institutions and Member States.

Time is not on Europe's side. Our competitors are moving quickly to secure their industrial future and global leadership. Europe must not fall behind. What industry needs now is clarity and workable solutions, and we stand ready to contribute our data, expertise and practical experience to ensure that Europe remains a strong advanced manufacturing powerhouse.

MEP VIEWS

Pilar DEL CASTILLO MEP (EPP, Spain) Industry, Research and Energy Committee

Industry is a crucial sector. When we talk about industry, we are really talking about everything – about all sectors of the economy. It remains Europe's main asset when it comes to competitiveness. This has always been the case, and it is still true today.

Today's debate on advanced manufacturing is therefore not simply about "making things". It is about transforming how things are made. The integration of innovative technologies into smarter production processes improves efficiency, flexibility, and the quality of industrial output.

Let me start with a clear statement: this transformation must be considered a strategic priority for Europe.

This is not only a policy choice; it is a mindset. Too often, we lose sight of this priority, and we cannot afford to do so.

At the same time, the global industrial landscape is evolving very rapidly. Europe must strengthen its capacity to invest, to industrialise, and to commercialise innovation. It is precisely in this challenging context that the European Commission has proposed the European Competitiveness Fund as part of the next Multiannual Financial Framework [MFF].

With a proposed volume of €451billion, the fund represents the strategic core of the Commission's proposal – the crown jewel of the new MFF. The European Competitiveness Fund brings together fourteen existing programmes into four main areas, aligned with the European Union's priorities.

Its objective is to consolidate EU-level investment in strategic industrial capabilities through a coherent and simplified instrument that covers the full technology and manufacturing lifecycle: from research and scale-up to deployment and production.

The added value of the Competitiveness Fund lies precisely in this integration. It aims to enable clearer strategic priorities, streamlined governance, and more predictable access to finance.

However, implementation will be crucial. We must never forget the implementation phase. It will determine whether the new budgetary structure truly reduces barriers for projects seeking financing.

Even with a well-designed instrument, Europe will only succeed if we deliver on four key imperatives, which have already been mentioned several times:

- scale up
- speed up
- skill up, and
- equip up.

- Scale up.
  Industrial transformation requires investment at scale. Pilot lines and demonstration projects must be followed by real industrial deployment. EU support can help leverage private investment and connect projects across borders. Without scale, technologies risk remaining in laboratories instead of reaching real manufacturing.

- Speed up.
  The Competitiveness Fund should streamline procedures, accelerate permitting and procurement processes, and ensure predictable timelines. Equally important is reducing administrative burden. This is a major challenge for companies, research organisations, and industry. Reducing red tape and ensuring user-centred processes is essential; otherwise, capital and talent will simply leave Europe.

- Skill up.
  Technologies cannot deliver without people. Europe has strong talent, but advanced manufacturing depends on a workforce with both technical and digital skills. Skill development and lifelong learning must be fully integrated into industrial policy. Too often, skills policies are treated as parallel or separate, especially for smaller companies, instead of being embedded in real industrial processes.

- Equip up.
  The deployment of advanced technological infrastructure is essential for advanced manufacturing. This includes networks, data centres, and edge computing. Edge computing, for example, is a key technology for industrial automation because it allows data to be processed close to where it is generated. This reduces latency, enables faster decision-making, and improves security.

However, Europe is currently lagging behind its own deployment targets for edge nodes. This creates a real risk of slowing down the adoption of data-intensive industrial applications.

In Conclusion

All these steps are essential if we want to fully benefit from the new financing instrument, the European Competitiveness Fund. Europe must not only remain a research leader – which it already is in many areas – but also become an industrial leader.

We must compete not only for top-level research talent, but also for industrial leadership.

The decisive question now is whether policy and investment can converge with sufficient coordination and urgency. This is in our hands.

VIEWS OF MANUFACTURERS

Matthieu Worm, SIEMENS, Distinguished Key Expert, Simulation & Digital Twin & President of the Virtual Worlds Association

Today, Europe is at a crossroads. The decisions that we will make now will define Europe's place in the world in the coming decades. And there are extreme levels of uncertainty.

Under these conditions it is more important than ever to choose one's battles and focus on domains of strength. The industrial sector is of those domains. Europe should further strengthen its thriving industrial powerhouse.

The European Competitiveness Fund is one of the critical decisions that Europe will make in this EU term. The Fund must be seen as the instrument that future-proofs Europe's technology landscape and advances its competitiveness on the world stage.

Siemens has three key demands on the EU Competitiveness Fund:

- Boost vertical collaboration for true innovation
  True innovation thrives on close, cross-sectoral, and multidimensional collaboration. It needs all stakeholders working together, leading directly to enhanced technologies and market-ready products that benefit us all.

  The European Competitiveness Fund [ECF] must expand this collaboration across our entire Union. It needs to target vertical integration throughout the entire technology stack, from critical components all the way up to complex systems.

  In this light, we welcome the ECF's 'EU Tech Frontrunners' initiative. It is a strong outline but requires more detail. We believe that EU Tech Frontrunners should prioritise collaboration towards achieving high Technology Readiness Levels. It should focus on innovation up to the product level. This would also be necessary to ensure complementary value to Horizon Europe consortia, which operate at the pre-competitive levels.

  An example of collaboration the European Competitiveness Fund can build on is the recently announced collaboration between Siemens and Europe's leading machine tool builders. We formed an alliance on data to develop generative AI applications for industrial environments. The European Competitiveness Fund would be best positioned to build on such consortium examples to expand and to speed time-to-market.

- Invest in Europe's key strengths, such as industrial AI
  This brings us to the second topic. It is a delusion that an overly broad ECF can advance Europe's competitiveness and deliver true innovation. Instead of spreading our resources too thinly, we must be selective. We need to "strengthen our strengths."

  And nowhere does this seem more vital today than in Industrial AI. Europe is already a world-leader in industrial technology, and AI can deliver the most significant, tangible benefits on a scale.

  Europe excels in advanced manufacturing, aerospace, and specialised machinery. By integrating and tailoring AI, we are not starting over; we are amplifying our existing industrial power, making it smarter and more efficient.

  Industrial AI is not just a concept; it is about real-world improvements such as boosting productivity. AI optimizes factory floors and supply chains, making our industries globally competitive.

  By channeling the European Competitiveness Fund into Industrial AI, we will be making a strategic investment. This is why the ECF's Digital Leadership policy window must precisely include Industrial AI and Industrial Metaverse.

  Such exact wording is currently missing in the European Competitiveness Fund proposal. It would be necessary to incorporate Industrial AI into the legal text to secure investment.

- Clarify the interplay between Horizon Europe and the ECF
  The efforts to link the ECF and Horizon Europe are appreciated. This is necessary to align research, innovation, and industrial policies and to translate the Union's research excellence into industrial strengths. Pre-competitive results developed in Horizon Europe must be taken further towards innovative products placed on the market with the financing provided by the ECF.

  Yet, we need clarifications on how ECF's single rulebook will apply to Horizon Europe Pillar II Collaborative Research. For instance, we understand from the ECF proposal that EU Preference will also apply to Horizon Europe Pillar II collaborations. Overly broad complicated restrictions will discourage businesses from participating in EU-funded projects. We should avoid additional complexity and target further simplification. Our businesses operate in complex global supply chains, and despite current geopolitical contexts, we strongly believe in continued global collaboration.

It is time to translate these insights into action. Let us work together to ensure the EU Competitiveness Fund is not just another fund, but a transformative force that:

- secures Europe's innovative edge,
- strengthens our industrial leadership, and
- guarantees our long-term prosperity and security.

Jean Pascal Riss, SCHNEIDER ELECTRIC, Vice President Strategic Partnerships, Sustainability and Industrial Relations

Schneider Electric is a global energy technology leader, driving efficiency and sustainability by electrifying, automating, and digitalizing industries, businesses, and homes.

We are a European and global company: with €38billion revenue, 160,000 employees globally, including 45,000 employees and 62 factories and distribution centres in Europe.
As the most local of global companies, Schneider Electric operates R&D, manufacturing, and services across all major economic zones, giving us a clear view of regional dynamics – and what it takes to win.

Let me first give you our views as a tech company on industrial competitiveness:

- Speed
  Competitiveness is not just about costs or prices. That is the tip of the iceberg. What is below the waterline is probably even more of an issue. Let me be concrete. In our business of complex industrial products, bringing a new product to market can take 3–5 years in Europe. In China, it often takes 7–11 months: a factor of three to five times faster. That is not a percentage gap; it is an order-of-magnitude.

- Digitalisation
  These gaps are not about taxes, talent, tools, or even what I often hear: regulations' burden. It is about ecosystems, end-to-end digitalised supply chains, advanced manufacturing technologies – industrial software, Electrification, and AI – deployed at scale on shop floors. Typically, the making of an industrial product can involve hundreds of suppliers, if just a couple of them are not efficient, then the full value chain is becoming uncompetitive.

Why is there such a gap in terms of speed in EU vs China ? First, historically, much of China's industrial base is newer. With fewer legacy constraints, factories installed the latest technologies by design – interestingly enough, most of them are equipped by European advanced manufacturing technologies suppliers. Second, public policy has balanced R&D innovation with innovation adoption, creating real markets for innovation. China targets 30,000 smart factories by 2030. By contrast, in Europe, our roughly 600,000 factories lag behind in tech adoption and urgently need to be modernized.

Maybe just a word on the United States: they were facing similar post-COVID challenges than Europe, with many legacies and inefficient factories in their value chain. However, since 2022, policies are in place to support the modernisation, and we can observe productivity being boost while it is still lagging behind in the EU.

Good news in this gloomy picture? The game is not lost, and Europe has a unique opportunity as the next five years bring a technology reset. Indeed, Industrial AI coupled with electrification is redefining a new paradigm, that could compress development cycles, improve quality, cut energy use, and scale productivity. Analyses points up to €500billion in potential value creation in EU. The decisive factor is adoption at scale.

We are testing and deploying these technologies. At Schneider Electric, we are driving industrial transformation in our value chain. And we do have hands-on experiences. We have deployed smart manufacturing across our 200 industrial sites, each serving as an open showcase of modern operations with demonstrated global scalable use cases. We also provide advisory services to support companies in their technology adoption.

In parallel, we are helping 1,000 suppliers cut their emissions by 50% through tech-driven improvements. Strengthening sustainability and competitiveness across our value chain has earned us repeated recognition by Time magazine as one of the world's most sustainable companies.

From such hands-on experience, we know that modernizing a typical mid-size factor – around 5,000 m^2, 200 employees, and €20–50million in output – requires roughly €2million in investment and takes about two to three years.

Now, where should European funding such as the European Competitiveness Fund focus to unlock impact quickly? On tech adoption – our recommendations:

- Allocate at minimum 30% percent public funding from the European Competitiveness Funding toward the modernization through advanced manufacturing tech adoption. Moreover, focusing such funding on mid-size industrial companies would be the fastest pathway to bring back productivity and scale competitiveness across Europe.

  Mid-size companies (€200million – €2billion turnover) typically run in average six factories and 70% of them operate across multiple European countries. They are too large for small-business national schemes and too small for EU mega-project instruments. They are representing 30% to 40% of EU factories in numbers, they form the backbone of European value chains and serve multiple end markets.

- To attract investment in the right direction, it is critical that Digital and Automation is being recognized in the green Taxonomy, which is not the case now.

A final word: Europe invented much of the advanced manufacturing technologies, Europe has the talent and the technology. Let us turn innovation into adoption and convert ambition into competitiveness, strategic autonomy, and good jobs.

Barbara Colombo, FICEP S.p.A, Chief Executive Officer

FICEP SpA is a company located in northern Italy. We manufacture metalworking machine tools since 1930.

First of all, I would like to thank Mr. Duval for his powerful speech introducing very well the importance of our sector. It is not necessary to remind that Europe lives thanks to its manufacturing industry and that machine tools are the foundation of the competitivity of this industry.

For sure, the European Competitiveness Fund represents a huge opportunity for Europe as Mr. Duval said. From an industrial point of view, I would like to stress a few points that are relevant because recent EU initiatives missed a critical part of Europe's industrial backbone. An example was the plan for the reduction of CO_2 emissions by the automotive sector.

This plan resulted in an industrial and political disaster because decisions were taken without considering the economic and social costs affecting industries along the whole value chain. As machine tool producers, we are strongly hit as the automotive industry is our main client, accounting for about 50% of the sales of European machine tools.

Therefore, when designing industrial policies, if European manufacturing technologies are left out, Europe risks to dependent on third countries, losing its position as the global centre of excellence in designing and producing machine tools.

And I want to stress that this is not just an issue of economic development, but really of economic survival. Manufacturing technologies must be fully embedded in all EU industrial policies and investment initiatives.

We must not repeat this mistake with the European Competitiveness Fund that, in a moment of real pressure for our sector, can offer a unique opportunity to strengthen Europe's production capabilities by investing in modern equipment, factory upgrades, automation and smart manufacturing.

For sure Europe's competitiveness depends on turning innovation into industrial reality. Innovation alone is not enough. Technologies must be scaled up and adopted by the market to create value in Europe. European projects need to address this issue more carefully: there is a risk of paying too much attention to the academic part and not enough to industrial development.

It is necessary that Europe invests in training and education, if we want new technologies to produce effects in terms of efficiency and productivity.

Another important point is the role that AI has in the transformation of the economy. All the big players on the world stage, from the USA to China and India are investing heavily on this.

We know that AI will change also the way manufacturing companies conduct their business, but it is a long, complex and expensive process especially for SMEs, as in the case of machine tool builders.

There is a strong need for public help aimed at facilitating the adoption of this technology by the machine tools industry.

If AI is a trigger for growth, the cost of energy is a historic problem and maybe a less fashionable topic but our manufacturing industry cannot survive the growing competition with the world's highest energy prices.

If we do not deal with this, we risk the de-industrialization of Europe.

Last, but not least, the Green Transition. We know that this is an opportunity for all of us but what we strongly demand is the introduction of the "Principle of Technological Neutrality" as the basis for all policies on this subject.

In this respect, in the automotive sector, alternative solutions such as e-fuels, biofuels, and hydrogen engines could have represented a valid and complementary pathway alongside electrification. These technologies might have significantly reduced the negative impact on the automotive supply chain and preserved industrial capacities that are now at risk.

Companies must decide the best way to achieve green goals set by public authorities, having all the relevant knowledge about the cost and benefits of the different options.

To conclude, I would like to share my direct experience of the last years. The Italian industrial policy measures, I refer mainly to Industry 4.0 legislation, have been a success story. They were discussed with the private sector, in order to be effective and easy for companies to use. As a result, they reached the goal of promoting a wave of investment in machines, allowing the renewal of the machinery installed in our factories that were quite old.

I think this should be taken as best practice also by EU authorities in designing new measures of the European Competitiveness Fund.

VIEWS OF MEPS

Thomas PELLERIN-CARLIN (S&D, France) Industry, Research and Energy Committee & Intergroup Member on Attracting Investment to Ensure a Competitive and Sustainable European Union

Much of our discussion on the Multiannual Financial Framework feels very 2024. It belongs to a world that no longer exists. Some of you know this better than I do, especially those who live closer to Russia. I am from France.

I hear the Commission making many very good bureaucratic and efficiency arguments. But to me, they are completely disconnected from reality. We cannot survive as a free continent, and as free people, if we do not have a budget that matches this geopolitical reality.

We are discussing a 2024 budget in a 2026 world that is structurally and geopolitically different – and will remain so for decades – unless we have a clear plan for victory.

So, what should we do?

First: do no harm.
Then: do good.

"Do no harm" means regulatory stability. Everything we agreed over the past five years must remain stable for at least the next three. You can talk about investment all you want, but car manufacturers and battery producers will not invest in Europe if regulation is unstable.

Just last week in Davos at the World Economic Forum, the CEO of TotalEnergies said publicly that he would not invest in e-fuels because he bets that, if the Commission is lobbied hard enough, the Sustainable Aviation Fuels mandate will be abandoned. If companies believe regulation is reversible, private investment will remain weak.

The second "do no harm" principle is this: stop giving EU money to Member States. I am sorry, but even the large ones are using EU public money inefficiently.

Take Italy: how many billions from the Recovery and Resilience Facility were inefficiently spent on the "superbonus"?

Take Germany: the same government abruptly cancelled all subsidies for electric vehicles within one month. This took everyone by surprise, and it is one of the main reasons we are still debating battery electric cars today.

And take my own country, France. After the European elections, one person decided to call snap elections. Twenty-one days later, the country entered political chaos. One consequence is total unpredictability of public support for private investment. Policies change every quarter, and investment has collapsed.

So, when I hear proposals to dismantle the Jacques Delors legacy, weaken programmes like LIFE or the Innovation Fund, and "merge everything" into vague structures – this is economically insane. Some Member States use EU money well. Denmark does. But without Germany, France, and Italy, Europe has a serious GDP problem.

Now, what does "do good" mean?

Politically, we must re-establish, for at least the next eighteen months, a stable, pro-European, pro-democratic majority in this Parliament. Without it, we make it easy for China, Russia, and the United States to divide us.

Some of you may remember the Roman myth of the Horatii and the Curiatii — three brothers fighting three brothers. Had the Curiatii stayed united, they would have won three against one. Instead, they fought one by one and lost. Unity matters.

Everything is interconnected: the budget, car regulation, defence spending, and support for Ukraine. The coalition that supports Ukraine must remain the only coalition through which policy is made.

Finally, on the EU budget: I do not trust the biggest Member States. That leads me to a clear conclusion. We need more money at the EU level and more at the regional level, with a clear division of competences.

Research, innovation, and battery manufacturing must be federal. The Battery Booster is a step in the right direction – but €1.5 billion is peanuts for battery manufacturing. At the same time, regions must be empowered, because they understand what happens on the ground.

If you want large-scale building renovation, the biggest challenge is skills – and regions are better equipped than national governments to address this. The same applies to climate change adaptation.

I know this may sound far from the Commission's original proposal. But we must reassess everything we thought was true in 2024. Over the next eighteen months, we need a budget not for the Europe we imagined three years ago, but for the Europe we actually face today – in this historic moment.

Benedetta SCUDERI MEP (GREENS, Italy) Industry, Research and Energy Committee

I am the Shadow Rapporteur for the Greens on the European Competitiveness Fund. We need to go deeper into what the European Competitiveness Fund really needs to be, and what it should actually invest in.

For me, the European Competitiveness Fund must be grounded in a modern understanding of competitiveness – one that reflects Europe's transition towards a clean, resilient, and inclusive economy. Competitiveness is not only about industrial or technological strength. It is about Europe's capacity to generate long-term prosperity within planetary boundaries, while strengthening social cohesion and economic resilience.

However, colleagues and friends, we also need to be honest with ourselves. The resources of the European Competitiveness Fund are not that large. This is a fact. Someone recently told me that the amount allocated to the fund over seven years is roughly equivalent to what Italy received from the Recovery and Resilience Facility over just two years.

The point is this: we do not have unlimited resources. That means we must be extremely efficient in how we use this money. Of course, we can, should, and will advocate for more funding. We also need strong synergies between different EU funding instruments. We need clarity on how the fund will work in practice: what types of investments, guarantees, and financial tools will be available.

But beyond that, efficiency must be at the core of how we use the European Competitiveness Fund, and this starts from the legislative perspective. When designing the fund, we must ask ourselves which technologies can actually help us in the transition and genuinely strengthen Europe's competitiveness.

We need to be honest about this. Which technologies are already deployable? Which ones are economically efficient? We should not chase technological 'chimeras' – ideas that are not yet scalable or viable in the market. That does not mean abandoning research and innovation. On the contrary, I deeply believe in research, it is part of who I am.

But when it comes to deploying technologies for decarbonisation and social justice, we must focus on solutions that are efficient, cost-effective, and capable of generating strong investment multipliers. We have a responsibility to do so.

Given today's geopolitical, economic, and industrial context, Europe cannot afford inefficient investments. We cannot afford investments that do not multiply their impact.

This means we need clarity about the direction we are taking. Too often, we take one step forward and ten steps back. We need to move forward – and forward must be the guiding word.

Moving forward means a transition towards a decarbonised economy based on technologies we already understand. This includes electrification and other proven clean technologies that can make our industry more efficient and competitive. These are the areas where we can invest and achieve real multiplier effects.

This also means investing in Europe's clean-tech industry. If we truly believe that the transition is the way forward – and I think we all do – then clean technologies are indispensable. We cannot afford to miss the opportunity to develop and scale them in Europe.

This is first and foremost a strategic opportunity. But it is also a chance to reindustrialise European territories that are facing industrial decline in some countries more than others – partly because Europe has lacked a strong and coherent industrial policy at EU level.

This is exactly what the European Competitiveness Fund must become: an enabling financial tool for a forward-looking European industrial policy. It must be oriented towards the future, focused on decarbonisation, competitiveness, resilience, and social justice.

We must not forget the just transition dimension. If the European Competitiveness Fund ignores social justice, people will be left behind. And when people feel excluded, they disengage from the European project. Instead, we must bring European citizens with us. This must be a shared project for a more competitive Europe – which, for me, means a greener and more just Europe.

So, my wish is very simple: let us work together. We are in a moment where cooperation is essential. We will have different perspectives – that is normal, and it is healthy. You already know many of our positions, and we are always ready to discuss them openly.

But we must work together with credibility, with a clear understanding of what is needed, what is most efficient, what is most cost-effective, and what will truly move Europe forward — towards a decarbonised, competitive, and just future.

PUBLIC AND PRIVATE FINANCING - INCREASING INVESTMENT IN ADVANCED MANUFACTURING

Carsten Schierenbeck, EUROPEAN COMMISSION, DG Research and Innovation, Head of Unit, Industrial Transformation
(Points noted from the presentation)

This discussion comes at an important moment.

We have already heard that European manufacturing is the backbone of Europe. I do not need to repeat the figures or the historical arguments.

What I want to stress is something very simple but very important: Europe must be the place where we invent, manufacture, and bring to the market our technologies, services, and products. That is the key objective.

We have already lost ground in some areas. If you look at critical raw materials, for example, supply chains have been outsourced and even weaponised. We cannot allow the same thing to happen with manufacturing. This is why advanced manufacturing is so important.

Advanced manufacturing acts as an enabler. It allows breakthrough innovations to scale up and reach mass production. This means it does not matter only for one company, one technology, or one sector. It matters across the entire economy.

This cross-sectoral dimension is often overlooked. Too often, discussions are organised in silos, by sector or by technology. But advanced manufacturing underpins competitiveness across all sectors. If the European Competitiveness Fund is truly about boosting competitiveness, then advanced manufacturing must be at its core.

We have heard a lot today about digital tools and artificial intelligence as accelerators. Yet the reality is that, in 2024, only around 10% of manufacturing firms were using AI. This shows very clearly that incentives and support are needed to increase uptake. The Commission's "Apply AI" strategy is a start, but more work is required.

The same applies to the shift towards more sustainable products. This is, of course, in the interest of our citizens and our environment, but it is also essential for competitiveness. Clean technologies are a growth market. Being a leader in clean tech has economic value, not just environmental value.

Furthermore, if we master the circular economy through advanced manufacturing, and become much more efficient in how we use resources, we also strengthen Europe's strategic autonomy. We reduce our dependence on critical raw materials. So there are multiple reasons – economic, environmental, and geopolitical – why we must invest in advanced manufacturing.

This is why Europe needs more digitalised and flexible manufacturing systems, and why the digital and green transitions must be driven together, with industry fully involved.

Under the European Competitiveness Fund, we have four policy windows. One focuses on the green transition and industrial decarbonisation. Within that window, there is a specific reference to advanced manufacturing and advanced materials.

As Head of Unit for Industrial Digitalisation, let me also flag that the Commission plans to launch a dedicated initiative on advanced materials.

This faces a similar challenge: advanced materials, like advanced manufacturing, are cross-sectoral. We need to do more work to convincingly explain this to policymakers and to show how these technologies contribute across the entire economy.

Finally, I want to underline the importance of collaboration. We have heard this repeatedly tonight, and it is absolutely vital. Public-private cooperation is essential. European partnerships already play an important role, and in the next Multiannual Financial Framework, partnerships will be further strengthened.

There is also a push towards more tripartite partnerships, involving not only industry and the EU, but also public authorities. This is a new model, and it is part of the Commission's proposal. We need to ensure that this more strategic approach is properly reflected in future discussions, and here the support of Members of the European Parliament will be crucial.

Let me conclude with a conviction. Together, Europe has the potential not only to catch up, but to stay ahead, by building on the strength of its manufacturing base. The context is extremely challenging, and this will not be easy. But if we strengthen our capacities and work together, I believe we can succeed.

VIEWS OF MEPS

Christophe CLERGEAU MEP (Vice President S&D Group, France) Environment Committee & Industry, Research and Energy Committee

Like many of you here, I have lived several professional lives. Today I am a Member of the European Parliament, but previously I was First Vice-President of my region, responsible for environment, industry, research, and technology. In that role, I tried to build dialogue between these different communities – between policymakers, industry, and those working on the ground – and also between what happens locally and what we decide at European level.

My first message is simple: we are losing a lot of time.

We are losing time with so-called omnibus processes. Every week, the Commission proposes new legislation to amend laws that we adopted only one, two, or three years ago – laws that have not even been implemented yet. This creates uncertainty for industry, wastes political energy, and undermines visibility for everyone.

At the same time, we have lost focus on the most important part of the Draghi report: investment. The real question is how to combine local, national, and European public investment with private investment – how to mobilise all the capital circulating in the economy. Today, too much money goes back to Member States without truly financing the European economy.

This matters even more because, as my Green MEP colleague rightly said, the EU budget may look large, but in reality, it is not that big. That is my first point.

My second message concerns the European Competitiveness Fund itself. We talk a lot about it, but in reality, nobody really knows what it is yet. The fund appears as a collection of sub-boxes: digitalisation, clean transition, industry, defence and security, bioeconomy. But how are these elements combined? What is the transversal strategy? What are the common objectives?

These questions still need clear answers, and this is our responsibility as Members of the European Parliament. We must be able to answer very concrete questions from industry:

- What share of the fund will support advanced manufacturing?
- What part will support machinery for SMEs and large companies?
- What is the balance between sectoral approaches and cross-cutting ones?

We also need clarity on how the fund ensures continuity — from research, to scale-up, to investment, and finally to competitiveness. At this stage, this is not yet clear.

And while everyone focuses on the European Competitiveness Fund, almost nobody talks about other important instruments, such as national and regional partnership plans. There is a lot of money there as well. As regions – and as managing authorities for cohesion policy funds – we invest directly in regional industrial and innovation ecosystems. We help SMEs invest in advanced manufacturing, new equipment, skills, and training.

Yet we rarely discuss how European, national, and regional initiatives can be properly aligned to build value chains across Europe. Instead, we operate in parallel worlds: a regional world, a national world, and a European world. This fragmentation costs us time and efficiency.

Now is the moment to change our mindset. We must combine efforts, work in teams, and define shared objectives. But this cannot be done by the European Commission alone, behind closed doors.

It must be an open process, with everyone around the table: regions, Member States, EU institutions, industry, researchers, workers, and trade unions. Together, we must clearly define what we want to achieve.

So, my message is this: let us waste less time on endless regulatory revisions and omnibus processes. Let us focus instead on responding to the dangers of today's world and on rebuilding a collective ambition for European industry. We must be united, combine our resources, and add our efforts together – not subtract them.

If we do this, then perhaps we will be better than China at planning, better than the United States at creativity, and better than others in building progress with those who want to be part of our world and compete fairly within it.

Kris VAN DIJCK MEP (ECR, Belgium) Industry, Research and Energy Committee

Europe stands at a crossroads.

For decades, our continent has been a global engine of prosperity, built by entrepreneurs, workers, engineers, and manufacturers who believe in effort, responsibility, and innovation.

Yet today, we face a hard truth: Europe is falling behind.

European companies face higher energy costs, slower permitting, overregulation, and capital markets that are too fragmented. And our competitors are not playing nice. The United States is investing aggressively in strategic industries. China is backing its companies with scale, speed, and state support. Meanwhile, Europe too often answers global competition with paperwork, hesitation, and fragmentation.

But prosperity does not come from regulation, but from companies that invest, innovate, export, and employ. And make no mistake – manufacturing, steel, chemicals, automotive, aerospace, they are all absolutely crucial for Europe's strategic autonomy. A continent without industry, cannot protect its economy, its jobs, or its sovereignty.

A competitive economy is the bedrock of resilience and welfare.

Therefore, my party and I are stating already for quite some time that the EU needs a budget of the 21st century, away from historical spending and with a shift to more resources for research, innovation and development.

So, I fully welcome that one of pillars of the next MFF focuses on competitiveness, with among others the European Competitiveness Fund.

But I strongly defend and hope to see a bigger - a real - change of course in the budget.

The Letta and Draghi Reports outlined the needs and challenges for maintaining and strengthening European prosperity. The international geopolitical context reinforces this urgent need for change. We simply cannot ignore that there are new priorities in a changed world. Also for the budget. Reform is the key to greater efficiency, greater strategic autonomy and greater prosperity.

Here I am digressing from my presentation. My heart sank last week in Strasbourg when I heard colleagues say that we had to postpone Mercosur because of 3,000 protesting farmers. And the majority did!

Next to this overarching message, I want to defend some principles for the European Competitive Fund:

- It should focus on strategic priorities that support digitalisation, innovation, decarbonization, and open strategic autonomy. These priorities should be shaped through an interdisciplinary approach and leave room for Member States to adapt them based on their own strengths and areas of expertise, with active input from industry, research and innovation stakeholders.

- The focus should be on market failures and projects with high European added value, with attention to cross-border projects.

- Also, the ECF must enhance valorisation and bridge the gap between research, innovation, and business.

- European funds should be used as much as possible to leverage private financing.

- It is also crucial that ECF-money will be allocated on the basis of the merits of the project. In general, the fund should be excellence-driven.

- In addition, the principle of technology neutrality should be strictly respected.

- And last but not least, synergies should be created between different EU-instruments.

The EU needs a more forward-looking budget, to strengthen our capacity to act in a changing world. We must not hold on to past budgetary choices. But we must have the courage to make a real shift in the budget:

- The courage not simply to spend more, but to spend better.

- The courage to reform.
- The courage to simplify rules and accelerate decisions.
- The courage to trust businesses, not micromanage them.
- The courage to defend our industry when it is unfairly target by competitors who do not play by the same rules.

The Competitive Fund can become a cornerstone of a new European growth model — one rooted in industry, innovation, and responsibility.

We cannot afford the next budget to be another missed opportunity in a world that is moving fast.

Antony Fell, EUROPEAN FORUM FOR MANUFACTURING, Secretary General

As our European Parliamentary host Sara Matthieu stated at the beginning of this meeting, the European Competitiveness Fund essentially consolidates fourteen individual funding instruments into one single investment capacity.

In a way, in Draghi's words, this will be the investment bazooka of the next MFF and this EFM dinner debate on funding and investment comes at just the right time. In two weeks, European leaders will discuss competitiveness at an informal meeting in Alden Biesen.

I would therefore like to thank most warmly Sara Matthieu for hosting this timely meeting in the Parliament tonight.

I would also like to express our appreciation of the presentations by two key representatives from the European Commission: Alexandr Hobza Cabinet Member of Vice President Séjourné and Carsten Schierenbeck, Head of Industrial Transformation in DG Research & Innovation.

I would like to thank the other Members of Parliament who have contributed and of course the representatives from European manufacturing. We also particularly valued the partnership with ORGALIM and its Director General Ulrich Adam and CECIMO and its Director General Filip Geerts and their excellent teams who worked so closely with us.

* *