

## Boosting Competitiveness and Defensive Capabilities

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The European Commission affirms its resolve and commitment to address the economic and defensive competitiveness of our Member States in an era of increasing global competition.

Growing concerns over European competitiveness against our global economic peers must be addressed. The Commission proposes a series of measures to expand and simplify funding to increase the competitiveness and innovation of European firms and to expand the educational opportunities needed by our workforce to meet present and future economic challenges to the Market. Additionally, with the current geostrategic threats within our Neighbourhood, the Commission calls for Member States to expand and coordinate their defensive capabilities and to facilitate procurement from and innovation in European defense firms. We call on our Member States to increase their spending on defense to meet both their individual security goals and the collective security of the Union.

Thus, we are committed to working with Member States to ensure a coordinated response—including consideration of national emergency measures—that utilizes all available EU resources to ensure financial and material stability of our citizens. We also maintain our conviction to marshal the full power of this Union to address ongoing foreign policy issues that are critical to preserving EU security and maintaining the rules-based international order. **To address these broad range of policy matters, the following stipulations are proffered for collective consideration:**

### PREAMBLE

**WHEREAS** the EU has consistently sought to deepen integration among Member States and declare our shared commitment to promoting democratic principles, the following should be taken into account:

1. That we are abroad, diverse community historically divided by conflict and misgivings for centuries, now dedicated to jointly overcoming strategic challenges.
2. That the EU is a Union that stands for human freedom, democratic principles, the rule of law, and the upholding of fundamental rights.
3. That closer integration between Member States will strengthen our shared values and create greater benefits for our citizens and community.
4. That our Union will continue to build economic, political, and social partnerships that enhance Europeans' standard of living and reinforce the EU's global influence.
5. That our community understands the need to adopt policies that position Europe to withstand future economic or political crises through sound economic reforms, responsible foreign policies, and technological cooperation.

## **Fostering European Competitiveness & Skills**

### **On establishing the European Competitiveness Fund (ECF)**

**WHEREAS** research and innovation are crucial for driving a sustainable, equitable, and prosperous transformation of industries across value chains in Europe. This transformation will help safeguard competitiveness, create jobs and improve our lives while staying within the limits of our planet's resources.

**WHEREAS** over the past thirty years, the productivity gaps between the EU and other advanced economies have widened, rendering the EU less competitive compared to other major economies. The EU is currently lagging in various areas, including technological development, research, research and innovation performance, infrastructure deployment, market dynamism, and industrial capacity.

**WHEREAS** in recent years, marked by rapid technological advancements, escalating economic competition, control of key enabling infrastructures, and trade protectionism, enhancing the competitiveness of the European Union has become a critical priority. This, and the potential impact it has on our prosperity has been underscored by several recent reports, including Draghi's Report on the Future of European Competitiveness and the Letta's Report "Much More Than a Market."

**WHEREAS** adopted by the European Commission in January 2025, the Competitiveness Compass diagnoses significant issues that hinder competitiveness within the EU. A central issue identified is the dispersion of Union spending across multiple overlapping programs, many of which fund similar initiatives but with differing requirements, complicating the effective combination of funding.

**WHEREAS** the Competitive Compass identifies several key factors necessary to enhance the Union's competitiveness: (1) closing the innovation gap, (2) decarbonization, and (3) reducing excessive dependencies and improving security. Additionally, it highlights five horizontal enablers: (1) simplification, (2) removing barriers in the Single Market, (3) financing, (4) skills and quality jobs, and (5) better coordination.

**WHEREAS** the Communication on the Road to the Next Multiannual Financial Framework (MFF), outlines objectives for the next Union Budget to be simpler, more focused, more impactful, and capable of addressing current complexities, weaknesses, and rigidities. The Communication also emphasizes that flexibility is key to ensuring the EU's ability to respond to a changing reality, with

a focus on challenges such as enhancing Union competitiveness, which requires joint action within a united Europe.

**WHEREAS** the European Commission recognizes that any proposed competitive funds need to be structured along four policy windows reflecting strategic priorities crucial to Union competitiveness and resilience (from AI and digital to space, from clean tech to biotech, from defense to health).

**WHEREAS** competitiveness also requires support from Member States' National and regional partnership plans and external policies. Measures to enhance competitiveness will also be open to any financial or non-financial contributions supporting the competitiveness objectives, including from Member States, third countries and international organisations.

**BE IT HEREBY RESOLVED** the European Commission calls for the creation of the European Competitiveness Fund (ECF) as a part of the EU's long-term budget (MFF) for 2028-2034 to streamline and strengthen EU funding for strategic technologies and manufacturing, aiming to boost Europe's competitiveness.

**BE IT HEREBY RESOLVED** the European Commission calls for Member States to consider a budget of at least €409 billion to fund the ECF and to be disbursed throughout the duration of the EU's long-term budget (MFF) for 2028-2034.

**BE IT HEREBY RESOLVED** the ECF should operate through four policy windows that mirror the Union's key policy priorities: Clean Transition and Industrial Decarbonization; Digital Leadership; Health, Biotech, Agriculture and Bioeconomy; Resilience and Security, Defence industry and Space. The Commission calls on Member States to consider the details of the measure's implementation, such as the amount of funds that are to be made available to each of the policy windows and technologies or sectors deemed to be of greatest importance for the competitiveness of EU firms globally.

**BE IT HEREBY RESOLVED** infrastructure is an essential enabler for European competitiveness. Investments in infrastructure are a necessary condition for the proper functioning of the EU's single market, the green and digital transition and for increasing the Union's resilience and security. Furthermore, Trans-European digital networks are essential to interconnect national and international telecommunication networks, enabling seamless, secure cross-border access to high-performance computing, cloud, data and AI capacities. The Commission calls on Member States to consider the details of the measure's implementation, and the amount of funds that will be made available to enhance competitiveness in these varied infrastructures.

**BE IT HEREBY RESOLVED** in the EU, persistent disparities in competitiveness and innovation performance across regions continue to exist. After sustained efforts at both EU and national level to close the innovation gap, it is time to unlock the full potential of every region. By ensuring that less-developed regions are effectively connected to EU value chains, the Union as a whole will be better positioned to compete globally. In considering the proposed ECF budget, Member States should consider rules and procedures towards ensuring equitable and proportional access to funds that target the disparities in competitiveness and innovation performance across the regions of the EU.

**BE IT HEREBY RESOLVED** the EU outermost regions and overseas countries and territories represent unique and strategic assets that benefit the Union as a whole – including proximity to third countries, exceptional conditions for space and astrophysics research, abundant renewable energy potential, rich biodiversity, and extensive maritime zones. Member States are encouraged to consider how the ECF can be leveraged to take advantage of their potential as geostrategic outposts, particularly in support of the Union’s objectives on security, preparedness, regional value chains, and competitiveness.

**BE IT HEREBY RESOLVED** to assist in the management of the ECF, the Commission calls for the creation of the Strategic Stakeholders Board and an independent Investment Committee. Member States should consider 1) the selection and composition of the Strategic Stakeholders Board and Investment Committee, such as the need for balance in sector, organization type, including private investors, and size, expertise, gender, age and geographical distribution; 2) the term duration of members of the board and committee; and 3) the goals and capacities of the board and committee in advising on long-term competitiveness and the disbursement of funds through the ECF.

**BE IT HEREBY RESOLVED** any measures undertaken to fund competitiveness should also work in synergy with the new Erasmus+ program for skills development, and with the objective of implementing the Union of Skills. The funding support for skills in strategic sectors should be complementary to support from Erasmus+ for building and enhancing skills for quality jobs and lives through life-long learning and talent development, attraction and retention.

#### **On enhancing ERASMUS+**

**WHEREAS** education, training, youth and sport are the Union's strongest investment in human capital, nurturing skills, building bonds across Europe, thereby laying the foundation for a resilient and cohesive European Union, with citizens equipped with the right skills and competences from the earliest age, and who embrace a shared European identity in all its

diversity. They are also drivers for social fairness, sustainable prosperity and competitiveness and key contributors to many of the EU's overall political priorities such as preparedness and the twin transition.

**WHEREAS** it is an objective of the Union to strengthen its scientific and technological bases by strengthening the European research area in which researchers, scientific knowledge and technology circulate freely and encouraging it to become more competitive, including in its industry, while promoting all research and innovation activities to deliver on the Union's strategic priorities and commitments, which ultimately aim to promote peace, the Union's values and the well-being of its peoples.

**WHEREAS** the EU leaders' Strategic Agenda for Europe 2024 – 2029 makes investment in skills, training and education a priority, recognizing that in an era where global competition coupled with political and social divergences are intensifying, education stands as a unifying force and is the bedrock upon which Europe must build its strategic autonomy, economic strength, democracy and cohesion.

**WHEREAS** in the political guidelines 2024-2029, President von der Leyen highlights the need to take a 'radical step change in ambition and action – for all skill levels and for all types of training and education. This is as important for people's careers and prospects as it is for our competitiveness.' Moreover, the President pledged to 'establish a Union of Skills – focusing on investment, adult and lifelong learning, skill retention and the recognition of different types of training to enable people to work across our Union', and to 'strengthen Erasmus+ including for vocational training so that more people can benefit'.

**WHEREAS** EU funding support to challenges that affect skills, education, training, youth, volunteering and sport has been provided through different programs over the years. In the 2021-2027 multiannual financial framework (MFF), support was provided mainly through Erasmus+, the European Solidarity Corps, the European Social Fund+, the Framework for research and innovation, and Horizon Europe.

**WHEREAS** in its Resolution of 16 January 2024 on the implementation of the Erasmus+ program, the European Parliament emphasized that 'the program has been a driving force for the European Education Area and should continue to respond to future trends in education to keep up with societal and technological change' and that the 'program is crucial in fostering a European sense of belonging'.

**WHEREAS** the Erasmus+ program goes hand in hand with the ambition in the Union of Skills Communication of 5 March 2025, to develop quality, inclusive and adaptable education, training and skills systems to increase the EU's competitiveness, and the European Education Area (EEA), a key enabler of the Union of Skills.

**BE IT HEREBY RESOLVED** the European Commission calls for Member States to consider a budget of at least €40.8 billion to fund Erasmus+ and to be disbursed throughout the duration of the EU's long-term budget (MFF) for 2028-2034.

**BE IT HEREBY RESOLVED** Erasmus+ should support the implementation of the Union of Skills and the overall strategic frameworks for Union policy cooperation in the fields of education and training, including the policy agendas for school education, higher education, vocational education and training and adult learning, including up-skilling and reskilling, to allow citizens to develop competences and skills at all stages of their life to thrive in society. The Commission calls on Member States to consider how Erasmus+ can support the Union of Skills initiative, the amount of funds made available, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** Erasmus+ should support participation in sport and physical activity for all, in line with the EU Work Plan for Sport 2024-2027. Therefore, there is a need to focus, in particular, on grassroots sport, taking into account the important role that sport plays in promoting healthy lifestyles, interpersonal relations, social inclusion and equality as well as building cohesive communities. Consider the details of the measure's implementation, the amount of funds made available, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** recognizing that the digital transformation has changed society and the economy with an ever-deepening impact on everyday life, Erasmus+ needs to help develop higher levels of digital readiness and digital skills development for all across the Union. Consider the details of the measure's implementation, the amount of funds made available, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** Erasmus+ should bring candidate countries and potential candidates closer to their goal of acceding to the Union. The Programme should promote stability, partnerships and skills development, with countries in the wider Neighbourhood including by enhancing ties with the Mediterranean region. Consider the details of the measure's implementation, the amount of funds made available to candidate countries and potential candidates, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** Erasmus+ should encourage participation, in particular of young people, in Europe's democratic life, including by supporting activities that contribute to citizenship education, nurture skills needed for civic engagement and enable to engage and learn to participate in civic society, thereby raising awareness of European common values, including fundamental rights, facilitating interaction with decisionmakers at local, national and European levels and contributing to the process of European integration. The Commission calls on Member States to consider how Erasmus+ can support this initiative, the amount of funds made available, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** volunteering, both within and beyond the Union, constitutes a rich experience in a non-formal and informal learning context, enabling young people to show solidarity and engage in activities contributing to address societal and humanitarian challenges while enhancing their personal, socio-educational and professional development, active citizenship, civic participation and employability. Erasmus+ should thus also support "European Solidarity Corps" volunteering actions, including the European Voluntary Humanitarian Aid Corps. Consider the details of the measure's implementation, the amount of funds made available, and the intended impact and evaluation of the measure.

**BE IT HEREBY RESOLVED** Erasmus+ should continue to contribute to learning on European integration matters, including the Union's future challenges and opportunities, to promote debate on those matters and the development of excellence in European integration studies.

**BE IT HEREBY RESOLVED** the learning of languages contributes to mutual understanding between people and cultures, and fosters mobility within and outside the Union, as language competences are essential life and job skills. Therefore, The European Commission stresses that Erasmus+ must improve the learning of languages, including, where relevant, national sign languages within the Union, and calls on Member States to consider the details of the measure's implementation, the amount of funds made available.

## **Advancing European Defensive Capabilities**

**WHEREAS** our security has benefited immensely from both NATO and the European Union. In recent years, we have worked ever more closely to respond to the threats we face. But this is not going to be enough for the years ahead. Europe must do far more if it is to restore credible deterrence and deliver the security on which our prosperity depends. This requires all Member States to act in solidarity and to invest in our collective defense.

**WHEREAS** Europe faces other growing threats and security challenges, in its region and beyond. Strategic competition is increasing in our wider neighborhood, from the Arctic to the Baltic to the Middle East and North Africa. Transnational challenges such as rapid technological change, migration and climate change could put immense stress upon our political and economic system. Authoritarian states like China increasingly seek to assert their authority and control in our economy and society. Traditional allies and partners, such as the United States, are also changing their focus away from Europe to other regions.

**WHEREAS** the future of Ukraine is fundamental to the future of Europe as a whole. Since 2022, we have seen a full-scale high-intensity war on the borders of the European Union with hundreds of thousands of casualties, mass population displacement, huge economic costs and deliberate destruction of vital energy systems and cultural heritage. The outcome of that war will be a determinative factor in our collective future for decades ahead.

**WHEREAS** Member States's defense spending has grown by more than 31% since 2021, reaching 1.9% of the EU's combined GDP or €326 billion in 2024. Specifically, defense investment reached an unprecedented €102 billion in 2024, almost doubling the amount spent in 2021. Yet, on aggregate, European defense spending remains far lower than that of the US and, more worryingly, below that of Russia or China. Rebuilding European defense will require massive investment over a sustained period, both public and private.

**WHEREAS** the moment has come for Europe to re-arm. To develop the necessary capabilities and military readiness to credibly deter armed aggression and secure our own future, a massive increase in European defense spending is needed. This needs to be coordinated and directed more effectively than ever between Member States, reflecting our collective strengths and addressing the weaknesses that come from uncoordinated action.

**WHEREAS** we need a stronger and more resilient defense industrial base. We need an ecosystem of technological innovation for our defense industries to keep pace with changes in the character

of war. We need to learn the lessons from it and extrapolate to a possible large-scale conflict in the near future. We need faster and more efficient procurement.

**WHEREAS** rebuilding European defense requires, as a starting point, a massive investment over a sustained period. Together we must accelerate work on all strands to urgently ramp up European defense readiness to ensure that Europe has a strong and sufficient European defense posture by 2030 at the latest, thereby also increasing our contribution to Trans-Atlantic security.

**WHEREAS** the defense of all EU land, air and maritime borders is important, as regards to the EU Eastern border. The project for an Eastern Border Shield is a noteworthy exercise by several Member States to confront the growing challenges in that region. It would establish an integrated land border management system that is designed to strengthen the EU's external land border.

**BE IT HEREBY RESOLVED** the Commission proposes to provide Member States with loans backed by the EU budget for defense and security budget items. Member States are called to consider at least €225 billion (an increase from the currently agreed €150 billion) to be made available. With these loans, the Security and Action for Europe (SAFE) instrument will strongly support a significant increase in Member States' investments in Europe's defense capabilities.

**BE IT HEREBY RESOLVED** the Commission proposes that SAFE support the European defense industry through common procurements involving at least two countries, out of which one shall be a Member State receiving SAFE financial assistance and the other may be another Member State, an EFTA State, member of the EEA or Ukraine.

**BE IT HEREBY RESOLVED** the Commission Communication on 'Accommodating increased defense expenditure within the Stability and Growth Pact' proposes the coordinated activation of the National Escape Clause by all Member States to unlock additional flexibility for higher defense expenditure. The flexibility will allow for a deviation from the agreed expenditure path equivalent to the increase in defense expenditure (including both investment and current expenditure) since 2021. A period of four years (extendable) should be considered. The Commission calls for Member States to consider a National Escape Clause for additional defense expenditure of up to 3.0% of GDP (an increase from the currently agreed 1.5% of GDP rate).

**BE IT HEREBY RESOLVED** boosting public investment in defense is indispensable, but it will not be sufficient. European companies including Small and Medium Enterprises and Mid-Caps must have better access to capital, including guarantee instruments for de-risking investments, to bring their solutions to industrial scale and to drive the industrial ramp-up that Europe needs.

We urge Member States to consider methods to help expand private capital and financials institutional investment in EU-based defense SMEs.

**BE IT HEREBY RESOLVED** the Commission calls for Member States to commit at least €1.5 billion under the 2025 edition of the European Defence Fund (EDF) to create a strong and innovative defense industry in Europe. These investments aim to close key capability gaps through innovation and collaboration across European science and industry. These investments should also include Ukrainian defense industries within proposed EDF projects.

**BE IT HEREBY RESOLVED** based on identified defense capability gaps, the Commission calls on Member States to consider efforts to close these capability gaps in the following areas: 1) *Air and missile defense*: an integrated, multi-layered, air and missile defense; 2) *Artillery systems*: advanced fire systems including modern artillery and long-range missile systems; 3) *Ammunition and missiles*: building on the European External Action Service initiative “Ammunition Plan 2.0”; 4) *Drones and counter-drone systems*: unmanned systems, including aerial, ground, surface and underwater vehicles; 5) *Military Mobility*: an EU-wide network of land corridors, airports, seaports and support elements and services, that facilitate the seamless and fast transport of troops and military equipment across the EU and partner countries; 6) *AI, Quantum, Cyber & Electronic Warfare*: defense applications using military AI and quantum computing; 7) *Strategic enablers and critical infrastructure protection*: including but not limited to Strategic Airlift and Air-to-Air refueling aircraft, intelligence and surveillance, maritime domain awareness, use and protection of space and other secure communications assets and military fuel infrastructure.

**BE IT HEREBY RESOLVED** the Commission calls on Member States to consider the defense of all EU land, air and maritime borders, as regards the EU Eastern border and to establish the Eastern Border Shield that will help Member States to confront the growing challenges in that region. It seeks to establish an integrated land border management system that is designed to strengthen the EU’s external land border with Russia and Belarus against military and hybrid threats. The Eastern Border Shield should include a comprehensive mix of physical barriers, infrastructure development and modern surveillance systems.

**BE IT HEREBY RESOLVED** to further enhance border surveillance, the Commission calls for Member States to consider the deployment of at most €1 billion: €750 million through the Border Management and Visa Instrument (BMVI), and an additional €250 million from the BMVI Thematic Facility. These funds can be used to upgrade electronic surveillance equipment, improve telecommunication networks, deploy mobile detection equipment and counter drone intrusions thereby ensuring real-time situational awareness and enhance the mobility of border patrols.