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FORTUM’S COMMENTS ON THE EUROPEAN COMMISSION'S PROPOSAL FOR THE NEW EU LONG-TERM BUDGET (MFF) 2028-2034

1 BACKGROUND AND CONTEXT

On 16 July 2025, the European Commission published its proposal for the next long-term budget for the EU for the period of 2028-2034. The proposal for the Multiannual Financial Framework (MFF) is the overarching legislation that sets the direction for how and where EU funding will be allocated. However, various elements will only be clarified in the upcoming negotiations for the main piece of the legislation, as well as in the detailed funding programmes when published.

The new MFF is the most ambitious proposal for an EU budget so far, EUR 1.985 trillion (in current prices) compared to EUR 1.2 trillion of the current budget. In addition to increasing the overall amount, the Commission is proposing a comprehensive restructuring by streamlining seven thematic headings from the current budget into four headings and moving from close to 540 programmes to 27 National and Regional Partnership plans and one Interreg Plan. For Fortum, the second heading, **competitiveness** is the most important one and we would like to offer some key reflections and recommendations for the upcoming negotiations.

2 FORTUM’S KEY RECOMMENDATIONS FOR UPCOMING MFF NEGOTIATIONS

Ensure an adequate EU budget: Considering the scale of the challenge in areas such as security and defense, investment needs in clean transition and boosting productivity, sufficient EU funding must be guaranteed especially to those that drive the transition to a cleaner energy future.

Excellence-based financial support: Funding from the heading dedicated to competitiveness should be sufficient and awarded based on project quality and excellence to promote innovation and prevent inequities in distribution. Lessons from the current and past MFFs can guide the European Commission in strengthening the application of the excellence principle in the allocation of funding in the MFF Competitiveness Spending Category.

Technology-neutral funding: The next MFF should provide technology-neutral funding for all relevant technologies critical for the EU's energy and material autonomy listed in relevant EU legislation, especially the Net-Zero Industry Act. The focus should be on GHG performance of the technologies.

Avoiding competition distortion: MFF funding mechanisms should be designed to prevent competition distortion within the EU, ensuring a fair and level playing field for all participants. The means for ensuring fair competition across Member States are below:

1. **Alignment with State aid regulations to avoid subsidy accumulation**: The next MFF should align funding mechanisms with State aid regulations to avoid the over-subsidization of projects, while ensuring that clean transition investments are not excessively reliant on public funding.

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2. **Prioritising MFF funding over State aid for EU competitiveness projects**: In the coming years, particularly when designing the upcoming European Competitiveness Fund and related funding instruments, the focus should be on maximizing financial support for European industries through MFF programmes rather than relying on State aid.

Ensuring eligibility of large strategic decarbonisation investments: the eligibility criteria in EU funding should enable the realization of large strategic projects that are replicable within the EU enhancing the European industrial competitiveness, while keeping the crucial support for innovative R&D projects.

No additional financial burdens to be imposed on companies: The suggestion to introduce new own resources raises concerns, especially those based on levies on companies' net turnover ("CORE"). The proposal to tax companies' revenues regardless of their profit margins is problematic for several reasons. Among other things, it could increase the tax burden of companies while diminishing the EU's attractiveness as a destination for investment.