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*Committee on Industry, Research and Energy  
The Chair*

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15.9.2023

Mr Johan Van Overtveldt  
Chair  
Committee on Budgets  
BRUSSELS

Subject: Opinion in the form of a letter on the general budget of the European Union for the financial year 2024- all sections (2023/0264(BUD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Industry, Research and Energy has been asked to submit an opinion to your committee. At its meeting of 27 October 2022, the committee decided to send the opinion in the form of a letter. It considered the matter at its meeting of 23 May 2023 and adopted the opinion at the meeting of 19 September 2023.

The Committee on Industry, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Recalls that the Union Budget for 2024 should align with the objectives of the European Green Deal, the Green Deal Industrial Plan, the EU climate neutrality targets and the Paris Agreement; believes that the EU budget should provide sufficient funding towards sustainable growth and contribute to adequate support for citizens and undertakings that have been most affected by multiple crises and their social and economic consequences; continue to address the consequences of Russia's war of aggression, by direct support for Ukraine and by strengthening the Union's open strategic autonomy, energy independence, digital transition, cyber security and defence capabilities.
2. Insists on the need to increase investments for EU industry. Emphasises that 2024 needs to be the year Europe starts to invest in its industrial competitiveness, acknowledging the importance of investing in businesses in order to promote sustainable growth and quality jobs.
3. Recalls the negative impacts of higher inflation on the EU budget, especially due to

the higher amount of EURI payments, and the consequent inadequate amounts left in the Single Margin Instrument to deal with unforeseen expenditure, including any further EU response to developments in the ongoing war against Ukraine, as well as any new actions to reduce EU dependence in the energy, digital and industrial sectors; insists that EURI interest payments should never be at the detriment of appropriate funding for other EU programmes; stresses that to secure Europe a net-zero, prosperous and competitive future, the Union budget needs to prioritise research, innovation and industrial investments that contribute to decarbonisation, increase resilience and competitiveness for all European industries.

4. Firmly believes that existing Union Programmes should get an increased budget to ensure that the objectives agreed upon in 2020 as well as new objectives added afterwards, particularly in the area of defence and industrial policy, can be achieved despite high inflation. Emphasises that at a minimum all available funding for Programmes should be used, including all available decommitments under Article 15(3) of the Financial Regulation.

5. Insists on a timely adoption of the MFF revision in order to allow for enough time to agree on the budget for 2024, which is critical in view of the fact that NGEU can no longer be used to reinforce critical EU programmes (including Horizon Europe) as was the case in 2021-2023; stresses that re-allocating funding between existing financial programs is not a viable long term solution and believes an ambitious revision of the MFF would send a positive signal to EU citizens and businesses.

6. Welcomes the Commission's proposal for a Strategic Technologies for Europe Platform (STEP) as the budgetary leg of the Union's industrial policy. Highlights that the amount requested by the Commission is a positive first approach but does not fulfil the promise of a European Sovereignty Fund; encourages the Commission to propose a new and dedicated mechanism in the next MFF. Deplores the fact that its funding mostly diverts resources from existing funds while not offering credible support for important initiatives such as the Net-Zero Industry Act or the Critical Raw Materials Act. Maintains that this severely undermines the added value of STEP as it removes funding of fundamental importance to the Union's industrial future and open strategic autonomy.

7. Stresses again the need to mobilise adequate funding for all new legislative proposals in support of the energy and environmental and the digital transitions; insists that initiatives like the European Chips Act, New European Bauhaus, Secure Connectivity, Hydrogen Bank and STEP should be allocated additional budget or should get completely new budget lines. Insists on contributing to adequate funding being available across the Union.

8. Recalls the importance of streamlining and fostering synergies between all EU funding schemes supporting European industry players and innovators; highlights the need to deliver clear and accessible information to potential applicants; asks to complement information with dedicated administrative support, in particular for SMEs.

9. Deplores the extensive cuts, amounting to 166 MEUR, to Horizon Europe proposed by the Council in its position on the 2024 budget, especially in view of the fact that NGEU commitments only run up until the end of 2023 and so cannot compensate for it; stresses that all programmes in the remit of ITRE critical for the green and digital transitions, as well as for the EU's open strategic autonomy, rely heavily on spurring innovation, which is achievable only through sustained long-term funding; reminds in this context that continuous shifting and

repurposing of research funding and its redirection to new projects and policy priorities, urgent as they may be, compromises long term-objectives and targets of the EU, including in relation to climate and energy targets.

10. Reminds of the negative consequences of such a structural deficit of funds and ambition as evidenced by the fact that over 71% of projects evaluated as ‘excellent’ under Horizon Europe in the first two years of the programme could not be financed; deplores the resulting waste of talent; calls for an increased budget for Horizon Europe which would allow each sub-programme to fund at least 50% of all “excellent” proposals.

11. Reminds in this context of the particular case of the planned reinforcement of the Commission’s communications budget with 240 MEUR for the period until the end of the current MFF. Deplores the fact that such an initiative is financed with transfers of funds away from key Union programmes, including Horizon Europe.

12. Stresses the importance of the transition towards a highly energy efficient and renewable based energy system through enhanced interconnectivity to reduce EU’s energy dependence, hence improving the stability and affordability of energy prices; and to significantly invest in energy saving and efficiency measures, in the ramp-up of domestic renewable energy capacities especially in Member States lagging behind, and in the decarbonisation of industrial processes in line with the EU sectoral integration strategy.

13. Reminds that investments in socio-economic recovery after the pandemic and in light of high inflation rates remains crucial; underlines the need to support the transition of industries and hard-to-abate sectors in order to achieve a competitive Union with a carbon neutral economy; reiterates the need of robust investments in infrastructure, strengthening electricity grids, connectivity and facilitating the delivery and storage of hydrogen. Supports a reinforced budget for relevant joint undertakings, such as clean hydrogen and key digital technologies, notably with regard to support for sectors and SMEs most hit by the pandemic and the impact of Russia’s war of aggression as well as activities contributing to climate neutrality.

14. Voices concern that, although the 2024 budget foresees dedicated new funding for the defence industry, the needs would be partly met by using 300 million euros from the Flexibility Instrument, generating uncertainty about sustainable defence funding in future. Expresses concerns that future EU budgets (2025-2027) may be enacted without an MFF revision and an EU ‘own resources’ decision, which highlights the necessity of successfully adopting the new own resources proposals made by the Commission.

15. Calls for appropriate funding in the implementation of Net-Zero Industry Academies and European Battery Alliance Academies; reminds of the importance of having a skilled workforce contributing to the green and digital transitions; insists on promoting training, up-skilling and re-skilling.

16. Highlights the importance of women’s participation in science, technology, engineering, and mathematics, as well as in the deep tech innovation and venture capital sectors; calls for the promotion of gender equality in the implementation and monitoring of all programmes.

17. Calls for adequate funding and staffing for all agencies and Union bodies in the policy

areas of industry, research and energy; calls for additional funds and staffing for the Agency for the Cooperation of Energy Regulators (ACER) and 10 additional full-time equivalent posts and corresponding additional appropriations to the European Union Agency for Cybersecurity (ENISA); deplores the cuts proposed by the Council to the budgets of ACER and the EU Agency for the Space Programme (EUSPA) in precisely the moment when they get new tasks related to newly adopted legislation;

Yours sincerely,



Cristian-Silviu Buşoi

Chair



Christian Ehler

Rapporteur