



[Press release]

**European Startup Network (ESN) reaction to the announcement of an agreement
on the EU budget for 2021-2027 and the recovery fund**

21 July 2020

ESN deplores the big blow to the budget considered as crucial for Europe's future. For the association, the agreed budget is at odds with the ambitions to achieve strategic technological autonomy for the Continent.

According to Nicolas Brien, President of ESN, two things need ample attention:

1. EU budget for 2021-2027 (1.074 billion euro)

- "InvestEU has been beheaded: This program raised high expectations from entrepreneurs and investors. It was intended to take over the role of the Juncker plan, which has provided significant support for the Tech ecosystem. Unfortunately, only 2.8 billion euro are currently earmarked for InvestEU. "
- "The solvency fund, which the Commission wanted to endow with 26 billion to help support ailing companies and to avoid takeovers by American or Chinese investors, has meanwhile been completely emptied - this is really unfortunate."
- "Horizon Europe was saved, but only barely: The program benefits from an envelope of 75-80 billion over 7 years. This is a far cry from the 94 billion requested by the Commission and the 120 billion desired by the entrepreneurs of ESN member France Digitale."

2. The recovery fund (750 billion euro)

- The Horizon Europe research program was credited with 5 billion additional grants compared to 13.5 at the start.
- "For InvestEU, out of the 30.3 billion planned, only crumbs remain: 5.6 billion. This money was intended to support investments to strengthen the Union's strategic autonomy, in particular by developing "transformative" technologies.

For **Nicolas Brien**, President of ESN, *"The continent's relaunch cannot be based solely on debt - certain paradigms must be changed urgently: endow Europe with its own funds (e.g., through a digital services tax) and strengthen the European Investment Fund (EIF) fund-of-funds activities to finance the continent's SMEs and technology startups in order to improve the continent's strategic autonomy.*

Yesterday's Brussels deal is not future proof. Our societies need to be repaired after the devastation caused by the corona crisis, but this cannot be done without investing in future technologies and innovation. Policymakers should not forget the massive digital leap forward that we all experienced during lockdowns."