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From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Multiannual Financial Framework (MFF) 2028-2034 - *Policy debate*

Revenue and Expenditure in the 2028-2034 Multiannual Financial Framework

Context

On 16 July 2025, the European Commission proposed a 2028-2034 Multiannual Financial Framework (MFF) at €1,763 billion in commitments (constant prices).

On 11 June 2026, nearly one year since negotiations began, the Cyprus Presidency put forward a first Negotiating Box with figures, which reduced the overall volume by approximately 2% to bring the overall MFF package to €1,730 billion (constant prices).

While a reduction to the Commission proposal, the Cyprus Presidency's revision still represents significant increases on overall expenditure levels in comparison with the current MFF.

To resource the many priorities within the future MFF, the Commission has also proposed five new Own Resources to support generating the necessary revenue. This includes: the Carbon Border Adjustment Mechanism (CBAM), a Corporate Resource for Europe (CORE), the Emissions Trading System (ETS), non-recycled E-waste, and the Tobacco Excise Duty Own Resource (TEDOR). These are embedded in a reformed revenue framework that includes adjustments to the existing Own Resources (Traditional Own Resources, VAT, Plastic Packaging Waste and GNI). The Commission estimates that this package would generate approximately €58 billion per annum (constant prices).

In addition, there are a number of debt-financed instruments (Catalyst Europe, the Ukraine Reserve, the Crisis Mechanism) proposed by the Commission, which would entail new debt issuances guaranteed by the margin left under the own resources ceiling ("headroom").

The proposal also encompasses the repayment of NGEU within the current MFF.

State of Play

Issues of volume, balance of expenditure, and revenue within the future MFF have been central priorities to address during the Irish Presidency. Given the clear tasking by the European Council in June, the Presidency has progressed negotiations with a view to delivering a revised Negotiating Box in advance of the October European Council.

Over the course of July and September, discussions at COREPER II and Council, alongside bilateral engagements with all Member States at Permanent Representative and Ministerial level, have been focused on deepening understanding of Member States' positions and bringing them closer to compromise and consensus.

From these engagements, it is clear that Member States appreciate the clear need to agree an ambitious MFF that delivers on the Union's many ambitions and priorities – from agriculture and cohesion, to competitiveness, security and defence, to external action and continued support for Ukraine.

However, Member States continue to remain divided on key questions of overall volume and the expenditure balance between programmes, with Member States reflecting different key priorities and interests. It is the Presidency's assessment that if agreement is to be reached by end of year, to ensure there are no undue delays, Member States must now begin to identify where they may be able to compromise.

In parallel to the question of expenditure priorities are the unresolved issues on revenue. While a number of Member States consider volume must reduce, others are willing to increase their contributions to the EU budget to achieve the priorities identified in the MFF proposal, and others still believe new Own Resources are essential. Views continue to be significantly divided on the appropriate balance of new Own Resources and national contributions.

To be acceptable to all Member States, a final agreement needs to find a balance between all these elements.

Guiding Questions

In that regard, and noting that the Irish Presidency will bring a revised Negotiating Box in October, Ministers are requested to address the following guiding questions.

Q1. Of all priorities identified within the MFF, which three expenditure programmes are the most critical for you?

Q2. On revenue, what adjustments to the new Own Resources package would make it more acceptable to you?

Q3. How open are you to an increase in GNI-based contributions?