Commission Proposal on Multiannual Financial Framework 2028-2034

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News

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On 16 July 2025, the European Commission presented its concept on the multiannual financial framework (MFF) 2028-2034. According to the Commission Communication "A dynamic EU Budget for the priorities of the future" (COM(2025) 570) and the corresponding proposal for the MFF 2028-2034 Regulation (COM(2025) 571), the EU is to have a total budget of almost €2 trillion at its disposal for the seven-year period from 2028-2034 (equivalent to 1.26% of the EU's gross national income on average), approximately €900 billion more than at present. In the area of home affairs, for instance, the Commission proposes to triple the next long-term budget, with allocating an amount of €81 billion in total. Particular emphasis here is put on the EU's border management, migration, and internal security.

The MFF sets spending limits for multi-year periods in order to ensure long-term planning security and budgetary discipline beyond the EU's annual budgets.

Main features of the Commission proposal

The Commission proposed a fundamental redesign of the EU budget. The key features in this regard are the following:

- Ensuring significant **flexibility** across the EU budget: A significant share of the next MFF will not be pre-programmed or pre-planned, so that emerging needs can be addressed swiftly and effectively. The Commission also proposes a flexibility instrument that would allow the EU to react to new and unexpected needs with funds over the expenditure ceilings. Furthermore, a new extraordinary Crisis Mechanism will be available, offering loans to Member States in case of severe crisis.
- **Simplification** of access to EU funding opportunities: Given that the current application process is felt complex and costly, the Commission proposes to reduce the number of programmes in the next MFF from 52 to 16 and establish more harmonised rules. In addition, beneficiaries should benefit from a single portal by which all funding opportunities under different EU instruments can be accessed.
- **Tailored interventions** to support the Member States' economic, social and territorial cohesion: The next MFF will feature a coherent strategy in which cohesion and agricultural policy remain at the centre. This strategy will be implemented through *National and Regional Partnership Plans* (NRPPs). In the NRPPs, Member States and Regions propose relevant key investments and reforms, and they will cover all relevant support measures, ranging from Cohesion policy, social policy, and Common Agricultural Policy over fisheries and maritime policy, to migration, border management and internal security. The Plans will be designed and implemented through close partnership between the Com-

mission, the Member States, Regions, local communities and relevant stakeholders. Having one single plan per Member State, the Commission expects a stronger impact and a more efficient use of European funding.

- **Competitiveness boost**: The Commission proposes several measures to promote competitiveness in the next EU long-term budget. This includes a *new European Competitiveness Fund*, worth €409 billion and designed for investments in strategic technologies and for the benefit of the entire Single Market, as recommended in the Letta and Draghi Reports. The Fund will operate under one rulebook, and offer a single gateway to funding applicants. Support will focus on four areas: clean transition and decarbonization; digital transition; health, biotech, agriculture and bioeconomy; defence, and space. The defence and space area will allocate €131 billion to support the establishment of the European Defence Union. The European Competitiveness Fund is complemented by Horizon Europe, the EU's research funding flagship. With a total of €175 billion, Horizon Europe will continue to finance innovation.
- A **balanced package of new own resources** that is to ensure adequate revenues for the EU's new priorities while minimising pressure on national public finances. To this end, the Commission proposes five new own resources: EU Emissions Trading System (ETS); Carbon Border Adjustment Mechanism (CBAM); non-collected "e-waste"; tobacco excise duty own resource (TEDOR); and Corporate Resource for Europe (CORE). The the latter would establish an annual lump-sum contribution by large companies operating and selling in the EU, with an annual net turnover above €100 million.

Another important feature will be that **compatibility with the rule of law and fundamental rights** will continue to play a crucial role in protecting the EU budget. The general regime of conditionality for the protection of the EU budget (also known as Conditionality Regulation) will continue to protect the entire EU budget. The National and Regional Partnership Plans will provide additional safeguards by making compliance with the rule of law principles and the Charter of Fundamental Rights a prerequisite for receiving any support. Thus, the NRPPs are a means to establish a closer link between the recommendations of the rule of law report and the provision of financial support. According to the Commission's plans, this will be ensured by the following:

- To have their Plans approved, Member States will have to demonstrate that they have adequate mechanisms to ensure compliance with the rule of law principles and the EU Charter throughout the implementation of the funds;
- There will be a possibility to block part or all payments at any moment during implementation, in line with the principle of proportionality, taking into account the nature, duration, gravity and scope of the identified breach;
- Member States will have to address the identified breach in a timely manner or face a reduction of EU support.

With regard to better transparency, the Commission also proposed that information on the beneficiaries of EU funds is to be published in a central database from 2028 onwards.

Debate in the run-up

Before the proposal, the European Parliament already set the tone for the negotiations on the Commission's MFF plans. In a resolution adopted on 7 May 2025, MEPs took the view that the Commission's "single national plan" approach cannot be the basis for spending in Member Sates and that merging existing funds into the "mega" competitiveness fund is inadequate.

In a debate with Commissioner for Budget, Anti-Fraud and Public Administration *Piotr Serafin* on 9 July 2025, MEPs reiterate their opposition to the Commission’s “national plan” model and called to maintain an independent European Social Fund.

Euronews reported on 2 July 2025 that 14 EU Member States opposed the Commission's plans to centralise the management and distribution of EU funds in a non-paper. They also stressed that the future budget must reflect the different development levels of regions and called for a stand-alone Cohesion Policy dedicated legislation.

On 16 June 2025, the European Court of Auditors (ECA) voiced its opinion on the post-2027 MFF. The Auditors acknowledged the Commission plans for a simpler, more focused and impactful EU long-term budget and presented a list of opportunities for a budget focused on results. They also advocated that transparency and accountability are ensured by means of an independent external audit.

Next steps

The Commission's proposal on the next long-term EU budget must now be negotiated by the Council and, in accordance with Art. 312(2) TFEU, adopted unanimously after approval by the European Parliament. Furthermore, certain elements of the revenue side (in particular the new own resources) also require unanimity in the Council and must additionally be approved by the Member States in accordance with their respective constitutional requirements.

Ministers of the EU Member States had a first exchange of views at the General Affairs Council meeting on 18 July 2025. The Danish Council Presidency assured that it will guide the negotiations and reach progress as much as possible during its term. Follow-up discussions will continue in the General Affairs Council.

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