PES Group Party of European Socialists Group
European Committee of the Regions

MULTIANNUAL FINANCIAL FRAMEWORK

PES BRIEFING – IRISH NEGOBOX – OCTOBER 2026

On 10 October 2026, the Irish Presidency presented a new negotiating box (negobox) for the next multiannual financial framework (MFF) 2028-2034 which proposes **a reduction of 8.7% compared to the European Commission (EC) proposal**.

Compared with the current MFF (2021-2027) and taking into account the cumulative effects of inflation and economic growth, the long-term budget 2028-2034 would represent **a reduction in real terms of -10 %**[1].

The figures:

The EC proposal of 16 July 2025 provides **EUR 1,613.8 billion**[2] equivalent to **1.15%** of EU gross national income (GNI), excluding Next Generation EU (NGEU) repayments (the Recovery and Resilience Facility – RRF).

The Irish negobox of 10 October 2026 provides a budget of **EUR 1,472.7 billion** equivalent to **1.02 % of GNI**, excluding NGEU repayments.

The European Parliament (EP) position, supported by the European Committee of the Regions (unanimous support) provides a budget **EUR 1,788.86 billion** equivalent to **1.27% GNI**, excluding NGEU repayments.

Heading 1: Economic, social and territorial cohesion, agriculture and rural, maritime, prosperity and security

The Irish Presidency proposes a cut **of 4% of heading 1 compared to Commission figures** (and **-13,9% compared to the EP Position**), achieved exclusively by cutting the amounts for the Union safety net (-30%), EU Facility (-51.2%) and decentralized agencies (-25.9%). The budget cushion (an unallocated reserve to absorb unforeseen needs) is deleted entirely. Conversely, **the budgetary envelopes for**

1. Analysis of the MFF negotiating box issued on 10 October 2026 by the Directorate-General for Budgetary Affairs of the European Parliament.
2. All figures in this document are given in constant 2025 prices.

agriculture and cohesion remain unchanged compared to the EC proposals and the support for the Peace PLUS Programme is increased by 87.5%.

The Irish negobox does not take on board the EP and CoR positions for standalone budget for cohesion policy (including a budget for the ESF), a standalone budget for CAP income support, for rural areas, Common Fisheries Policy, POSEI (outermost regions) and HOME funds. **Nor does it propose, under cohesion policy, dedicated budget lines for each of the three categories of regions** (more, less developed and transition regions).

The Irish negobox foresees the possibility for regional managing authorities to directly 'negotiate' with the Commission (the Commission proposal only refers to the term 'interact'), and the need for plans to 'safeguard the role of the regions'. However, **the text falls short of the CoR's demands for mandatory involvement of competent subnational authorities**, a multilevel governance assessment and subsidiarity clause against unjustified centralization.

The Irish negobox retains a 25% flexibility amount which falls short of the CoR's (and EP) request to reduce it to 10%, in order to safeguard predictability and the long-term nature of territorial investments.

For the common agricultural policy (CAP) and the rural development, **the Irish proposal considerably reduces the redistribution effect of direct payments (degressivity and capping) whose strengthening in the Commission proposal had been strongly welcomed by the CoR** as a means of reducing inequality and supporting young farmers, small family farms and farms operating in areas facing natural constraints. Furthermore, by presenting these proposals in the MFF itself, the Council is once again **shifting negotiations on key elements of the CAP proposal from the ordinary legislative procedure (co-decision) to the consent procedure** (in which the EP can only say yes or no).

The financing of rural development is likely to remain the object of difficult discussions: the Irish negobox mirrors the 10% rural target as proposed by President Von der Leyen in her November 2025 letter, but several member states and the EP have signaled that they want a ring-fenced allocation.

Heading 2: Competitiveness, prosperity and security

The EC proposal of July 2025 increased the proposed funding for programmes under this heading by approximately 132.3% (i.e. +EUR 298 billion in constant 2025 prices),

compared to the 2021–2027 period. **According to the EC**, this is the most obvious sign of the modernization of the MFF to respond to new political priorities of the EU. The EP went further, proposing an extra EUR 62.1 billion above the Commission proposal.

The Irish Presidency proposes a cut of 12.8% to heading 2 compared to the Commission proposal. This is 22% (EUR -128.7 billion) below the position of Parliament.

Within the competitiveness and research bloc, the main elements proposed to be reduced are the proposed flagship programme, **the European Competitiveness Fund (ECF), cut by of EUR 27.0 billion (-13.0 %)**, of which the main cut of 15 billion (-13.0%) concerns the 'security, defence industry and space' strand. In addition, **Horizon Europe** is cut by EUR 14.9 billion (-9.6%) and **Connecting Europe Facility** (CEF) is cut by EUR 10.4 billion (-14.4%). Among other programmes, **AgoraEU** is proposed to be cut by EUR 2.3 billion (-30.0%).

There are **no substantial changes** compared to the EC proposal **in terms of political priorities**. The principle of excellence that underpins the ECF remains central. There are no explicit references to place-based innovation and research.

Heading 3: Global Europe

The EC proposals of July 2025 increased proposed funding for programmes under this heading by approximately 56.4% in constant 2025 prices, from a historical equivalent of EUR 121.5 billion in 2021–2027 to EUR 190 billion.

The Irish Presidency proposes a cut of 17.4% to heading 3 (EUR -33.1 billion) compared to the Commission's proposal (the Cypriot Presidency had previously proposed a cut of 3.9%). This is 25.7% (EUR -54.3 billion) below the position of Parliament.

The main element under this heading is the Global Europe Instrument, cut by 15.7% (EUR -27.8 billion) compared to the Commission's proposal.

The negobox also mentions the off-ceilings **special instrument "Ukraine Reserve"** (EUR 88.8 billion). The Irish Presidency has not modified the wording proposing that the Union may provide an interest cost subsidy for the Ukraine Support Loan beyond the amounts planned under the Ukraine Reserve. How it would be financed remains unclear.

The Irish Presidency **has unbracketed the 10% target for supporting the external dimension of migration**, including the root causes.

Heading 4: Administration

The Irish Presidency proposes to **cut administrative expenditure by 8.8%** in heading 4 (EUR -9.2 billion), which goes much further than what the Cypriot Presidency had proposed (a cut of 0.6%).

Flexibility:

The provisions proposed by EC to make the EU budget more responsive to unforeseen needs or events are maintained (flexibility instrument and single margin instrument, both over and above the MFF Ceilings). **The Irish Presidency however deletes the possibility for additional amounts to be made available as of 2029** through fines and decommitments meaning that it would increase the risk of the need to redeploy allocated funding in case of crisis/unforeseen needs.

Own resources:

The Irish negobox **maintains the five new own resources proposed by the Commission** (ETS, CBAM, company contributions, tobacco, e-waste), but leaves them all in brackets, and it introduces a phased introduction of the ETS-based own resource for Member States benefiting from the Modernization Fund and a 90% call rate (up from 75% in the Cypriot negobox) for revenues from the Carbon Border Adjustment Mechanism (CBAM). **It does not, however, take on board the EP's proposals for additional new own resources** (such as the digital services levy), nor their revenue potential by 1 January 2028. No quantified revenue objective is included in the negobox.

Main messages for the PES Group members

There are no 'old policies' and no 'new policies'. There is only one budget, for one Europe. Cohesion policy is not a legacy cost of integration; it is the investment backbone of the single market. It builds the roads, the broadband, the skills and the research capacity that make competitiveness possible everywhere, not only in the metropoles. **Cutting it does not modernize the budget; it amputates the growth potential of half the Union**.

Europe cannot be competitive if it gives up on half of its territories. Competitiveness built on the back of shrinking regions is fragile: it weakens internal demand, wastes human capital, and fuels the political polarization that undermines our capacity to act. **Every euro invested in cohesion is an investment in the single market, in demand, and in democratic stability**.

Our competitiveness must not be a copy of the American or Chinese model. We are not willing to accept the social and environmental costs those models impose. Europe's competitive advantage is precisely **our social market economy: high standards, strong public services and broad participation**.

For European Socialists and Democrats, this is the central issue: **competitiveness must widen participation in prosperity, not narrow it**. Competitiveness that benefits only the top metropolitan regions is neither a progressive project nor, in the long run, a stable one.

Cohesion mobilizes untapped potential, connects peripheral regions to the single market, and keeps prosperity broadly shared. **A Union that lets its regions fall behind is not simpler and not more modern: it is weaker.**

Instead of cuts, we need new own resources. They are the only way to build a compromise between the Frugal and the Friends of Cohesion, and **to escape the sterile net-contributor debate**. Fair own resources are also a political choice: making large corporations and the digital giants pay their fair share brings fairness to our societies, while a digital levy protects our market from foreign interference.