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What will happen with the Multiannual Financial Framework negotiations in 2026?

The Multiannual Financial Framework (MFF) negotiations are often regarded as pivotal events in the EU's political landscape. Yet, looking at the past, one should admit that they rarely result in major changes. Most often, the Commission proposes an updated version of the past MFF, the parliament asks for more funds, frugal countries push for cutting the budget, and net recipients manoeuvre to shield cohesion and agricultural funds from cuts. Major changes have only occurred under exceptional circumstances in which there was strong EU unity around a shared goal (i.e., the 1988 Delors package and the completion of the single market) or in response to major crises (i.e., the 2020 NextGenerationEU/MFF package).

Will the current MFF negotiations be one of those rare occasions? That is certainly the Commission's ambition. Whatever one thinks of its proposal, it undeniably puts forward far-reaching changes in the structure of the budget, the composition of EU spending, and the planning and delivery of EU funds. Yet, since its presentation in July 2025, it has triggered considerable criticism. In the Council, several net contributors have questioned the size of the budget, while prominent recipients have warned against potential cuts to the Common Agricultural Policy (CAP) and cohesion. In the European Parliament, the main political groups have opposed the idea of merging all shared-management funds into a single national plan and have already forced the Commission to modify parts of the proposal.

Admittedly, some criticisms of the proposal are grounded in legitimate concerns. There is room for improvement in the legal bases of the new proposed programmes – some of which seem to have been drafted in haste. There are also conceptual weaknesses in the design of certain programmes. As it has been denounced by many stakeholders, the 'single plans' regulation does not guarantee that member states will pay serious attention to cohesion policy issues when preparing their plans. The role of sub-national authorities in implementing the national plans also merits being reinforced: too much power in the hands of national authorities is not good, not for efficiency nor for political reasons. More in-built flexibility in the EU budget is welcomed, but too often it comes in form of greater Commission discretion, and it is not accompanied by proper accountability and oversight. Finally, the idea that merging funds and adopting a performance-based approach will bring simplification is questionable. One has the impression that the Commission has over-emphasised the potential simplification gains in an attempt to charm member states currently obsessed with the deregulation and simplification agenda. Yet, the experience with the Recovery and Resilience Facility invites some scepticism. Besides, also importantly, there are enormous transition costs of moving from one system to another that should not be underestimated.

Beyond these specific issues, however, the limited enthusiasm for the proposal reflects a deeper problem. The Commission is effectively proposing a shift from a budget in which most resources are pre-allocated to member states for cohesion and agriculture, and distributed through predictable eligibility rules, to one in which spending is aligned more explicitly with Union-wide strategic objectives – reducing critical dependencies, enhancing competitiveness and strengthening Europe's defence readiness – and the Union has greater capacity to adjust spending priorities in response to evolving circumstances. For traditional cohesion and CAP beneficiaries, accepting such a shift during a period of economic and geopolitical uncertainty is understandably difficult. The change would be acceptable only if there were strong confidence in the EU budget's capacity to advance these Union strategic goals meaningfully. However, an increase in EU resources will not suffice to secure Europe's competitive edge or its technological sovereignty; without other bold EU reforms – that is, to complete the Savings and Investment Union – and much deeper coordination of national economic and budgetary policies, EU-level spending alone cannot deliver.

The problem is compounded by the absence of a shared EU-level vision on how to advance these strategic goals. As illustrated this year on various occasions, member states remain divided on key strategic questions – how far the Union should go to confront Trump, how to respond to China's unfair trade practices or how to support Ukraine. In short, it is difficult to build support for an objective-driven budget when the objectives themselves remain unclear.

Some claim that there is a common vision, as articulated in the Draghi[1] and Letta[2] reports. However, upon closer examination, many key questions remain unanswered. The Draghi report notably fails to clarify how competitiveness and cohesion should be reconciled. How can the EU compete with the US and China without replicating their profoundly unequal and territorially imbalanced growth models? How should cohesion policy be reinvented in a context marked by strategic rivalry and trade tensions? These are central questions for the future MFF, yet they are left unaddressed. The Letta report provides more explicit guidance – notably through its emphasis on the 'freedom to stay' and measures to mitigate the territorial concentration effects of industrial policy – but even Letta's proposals have not crystallised into a shared political vision capable of guiding a major budgetary overhaul.

1 Draghi, M. (2024) "The future of European competitiveness". European Commission.
2 Letta, E. (2024) "Much more than a market – speed, security, solidarity". European Commission, April.

Will this change in 2026? This appears unlikely. Changes in government following some crucial national elections may alter member states' stance on specific MFF items. There are also some signs of renewed Franco-German cooperation. However, the political context in many member states will remain fragmented and influenced by nationalistic forces, a configuration that does not facilitate difficult cross-border compromises. In the absence of a major exogenous shock forcing EU member states to take bold action, path dependency and defensive bargaining are likely to continue shaping the negotiations. Ultimately, the risk is that member states converge on a smaller, politically convenient yet largely inconsequential MFF for 2028-2034, while having to rely on impromptu, issue-specific intergovernmental arrangements to address urgent needs. Such a result would reveal, more than anything else, the Union's limited willingness to act together at a time when cohesion and shared investment capacity are most needed.