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NOTE

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| From: | Presidency |
| To: | Ad Hoc Working Party on the Multiannual Financial Framework (AHWP MFF) Working Party on Own Resources |
| Subject: | Multiannual Financial Framework (MFF) 2028-2034 - Progress report |

Delegations will find in the annex a draft progress report prepared by the Presidency.

INTRODUCTION

On 16 July 2025, the Commission presented a package of proposals on the MFF for the period 2028-2034, consisting of proposals for a Council Regulation laying down the MFF for the years 2028-2034, for an Interinstitutional agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management, and for a Council Decision on the system of own resources of the EU, accompanied by a number of sectoral legislative proposals. On 3 September 2025, the Commission presented additional sectoral legislative proposals.

STATE OF PLAY IN THE COUNCIL

On 2 July 2025, the Permanent Representatives Committee approved the setting-up of the ad hoc Working Party on the Multiannual Financial Framework (AHWP MFF)¹ to examine the Commission proposals for an MFF Regulation and for an Interinstitutional Agreement, as well as relevant financial and horizontal issues of the sectoral proposals, including the general governance framework and structure of the different programmes. Non-bracketed elements of the MFF proposals were to be examined in the three subgroups of the AHWP MFF and other relevant Council preparatory bodies. Finally, the Working Party on Own Resources (WPOR) remained responsible for examining proposals relating to the Union's own resources.

The Commission presented the MFF package to the Permanent Representatives Committee on 16 July 2025, to the General Affairs Council and to the AHWP MFF on 18 July 2025, and to the WPOR on 22 July 2025.

Since then, considerable effort has been devoted to reviewing the proposals and analysing their horizontal and financial implications.

The AHWP MFF held 24 meetings between 18 July and 4 December 2025. During these, the Commission gave detailed presentations on the MFF package, covering financial and other horizontal aspects of sectoral proposals, and on revenue. Member States had the opportunity to put their questions to the Commission and exchanged views on the relevant aspects of the proposals. The Presidency initiated the examination and discussion by submitting a questionnaire to delegations that focused on six horizontal questions, covering the structure, flexibility, impact and performance of the MFF, as well as conditionality, administration and revenue.

¹ ST 10989/25.

The Presidency dedicated the July and September AHWP MFF meetings to horizontal elements of the MFF package, including simplification, flexibility, governance, impact and performance. The meetings also focused on financial and horizontal aspects of Heading 2, ‘Competitiveness, prosperity and security’, and in particular on the novel European Competitiveness Fund and its interlinkages with other programmes. The analysis and views expressed by delegations were reflected in a draft for possible elements for a future draft Negotiating Box (horizontal elements and Heading 2), which was discussed in the AHWP MFF and in the Permanent Representatives Committee before a policy debate on horizontal aspects and Heading 2 at the General Affairs Council in October.

The October meetings of the AHWP MFF were largely devoted to the examination of Heading 1, ‘Economic, social and territorial cohesion, agriculture, rural and maritime, prosperity and security’, with a focus on the key features of the National and Regional Partnership Plans, their policy reference framework, simplification, allocation keys, income support degressivity in the Common Agricultural Policy, the repayment of NextGenerationEU, horizontal conditionalities, the EU Facility and Catalyst Europe. The analysis and views expressed by delegations were reflected in a draft for possible elements for a future draft Negotiating Box (Heading 1). This policy area was subject to discussion at several occasions at the Permanent Representatives Committee and at the General Affairs Council in November.

Finally, in November, the AHWP MFF examined Heading 3, ‘Global Europe’, including support for Ukraine, as well as Heading 4, ‘Administration’, and revenue. The analysis and views expressed by delegations were, as before, reflected in a draft for possible elements for a future draft Negotiating Box (Heading 3, 4 and revenue).

At its December meetings, the AHWP MFF completed its initial analysis of the package, with a view to preparing possible elements for a future full draft Negotiating Box, to be drawn up by the Presidency.

Throughout the process, and at the request of delegations, the Commission provided additional information and clarifications both orally and in 39 technical fiches, delivered between July and November 2025. The Presidency also organised four technical seminars in cooperation with the Commission, in order to facilitate the efficient technical clarification of elements of the MFF proposal, covering the National and Regional Partnership Plans (allocation criteria and financial impact), revenue, financial instruments, governance, the Common Agricultural Policy and the Common Fisheries Policy.

From July to October the WPOR dedicated 5 meetings to examining the proposed Council Decision on the system of own resources of the EU. Moreover, a policy debate on the system of own resources took place on 10 October at the ECOFIN Council. Throughout the process, and at the request of delegations, the Commission provided additional information and clarifications both orally and in 13 technical fiches, delivered between July and November 2025. The AHWP MFF was informed of the work carried out in the WPOR on 19 November, after which the AHWP MFF took up work on the revenue side.

In addition, AHWP MFF subgroups and other relevant Council preparatory bodies examined MFF sectoral proposals.

During the Danish Presidency, delegations also had the opportunity to discuss the MFF in the Permanent Representatives Committee on 7 occasions. In addition to presenting the package in July, the General Affairs Council held a policy debate on the MFF dedicated to horizontal elements and Heading 2 at its October meeting, and on Heading 1 at its November meeting.

RELATIONS WITH THE EUROPEAN PARLIAMENT

The Danish Presidency, in cooperation with the future Cyprus and Irish Presidencies, is committed to conducting work on the MFF in a spirit of openness and constructive cooperation with the European Parliament (EP).

To that end, on 4 July 2025 the Danish Presidency addressed a letter to EP President Metsola, also on behalf of the incoming Cyprus and Irish Presidencies, detailing cooperation modalities for work on the MFF. In particular, the Presidencies proposed organising exchanges of views with representatives of the EP before and after each General Affairs Council meeting when the MFF is on its agenda.

Moreover, at the initiative of the Commission, a meeting between the Presidents of the EP, Council and Commission was held on 10 November 2025, pursuant to Article 324 TFEU.

CONCLUSION

On the basis of discussions in the AHWP MFF, the Permanent Representatives Committee and Council, the Presidency has presented a draft Negotiating Box. The purpose of the draft Negotiating Box is to identify the issues that will need to be addressed in the course of negotiations on the MFF and, where appropriate, facilitate the discussion on options for and solutions to individual issues. The presentation of the draft Negotiating Box does not aim to lead to any conclusive debates at this stage. It is prepared under the sole responsibility of the Presidency and is not binding on any delegation.

In light of the complexity of the discussions, the Presidency is of the view that some elements of the draft Negotiating Box deserve more consideration at technical level, benefitting from possible refinements, while other elements need political guidance in order to be taken forward.

The Presidency invites the Permanent Representatives Committee and the Council to take note of the progress achieved ahead of the oral report that the Presidency will present to the European Council in December 2025 and the related exchange of views.