



**European Committee
of the Regions**

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Taoiseach

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Open letter to the Irish Presidency of the Council of the European Union and to the President of the European Council: The next EU budget must match Europe's responsibilities on the ground

Dear Taoiseach,

Dear President,

As the Irish Presidency prepares to present a new negotiating box for the Multiannual Financial Framework 2028–2034, we, the President of the European Committee of the Regions and mayors of European capital cities, wish to underline a perspective that must remain central to the negotiations: the European budget is not an abstract figure. It is an investment framework that ultimately has to deliver results in our cities, regions and communities.

We fully recognise the need for sound public finances, value for money and effective use of every euro of European funding. Local and regional authorities are themselves operating under significant fiscal and demographic pressures and understand the importance of prioritisation, efficiency and accountability. But fiscal realism must also take into account that reaching the EU's ambitions does not come for free.

The Union has set itself major objectives in competitiveness, security, energy, climate adaptation and mitigation, housing, social cohesion, the digital and green transitions, migration management and infrastructure. Many of these objectives are delivered, or have their consequences felt, directly at local and regional level. Cities and regions are therefore not merely beneficiaries of the EU budget: we are among its principal delivery partners.

The Commission's proposal for the 2028–2034 MFF was presented against a backdrop of substantially increased demands on European public investment. The Draghi report on the future of European competitiveness in particular estimated that Europe will require an additional €750–800 billion of investment every year by 2030 to deliver objectives that the European Union and its Member States have already agreed.

Against this background, we believe that the new negotiating box must not build on an aggregate reduction target detached from the consequences for Europe's territories and citizens, as suggested by the six Member States, which have called in their letter of 28 September to "reduce the Commission's proposal by several hundred billion euros".

A reduction in the overall envelope would not only create a gap between ambition and delivery but also inevitably have consequences somewhere. Those consequences should be made transparent before decisions are taken. If investment in cohesion, competitiveness, climate resilience, housing, transport, research or other European priorities is reduced, the negotiating process should identify what objectives would correspondingly have to be scaled back, delayed or transferred to national, regional or local budgets.

The discussion on the overall volume of the MFF must also go hand in hand with a serious discussion on the revenue side, including the future of the Union's own resources. A credible and sustainable MFF therefore requires a balanced approach: clear priorities and rigorous spending, but also a sufficiently robust, predictable and diversified revenue base capable of financing the European public goods and investments that Member States have jointly decided to pursue.

We therefore ask that the Irish Presidency's negotiating box reflect the following principles:

First, protect Europe's capacity to invest. The debate on the size of the MFF should be connected explicitly to the scale of the objectives agreed by the Union. Where new responsibilities and priorities are added, the financial implications should be clearly identified.

Second, make the territorial consequences of different scenarios transparent. Any proposed reduction in the overall envelope should be accompanied by an assessment of its likely impact on cohesion, investment, competitiveness and the ability of local and regional authorities to deliver European priorities.

Third, preserve a strong and predictable Cohesion Policy. Whatever the final architecture of the MFF, cohesion should remain a clearly identifiable European policy objective, with predictable resources and a genuine place-based approach.

Fourth, guarantee the involvement of cities and regions. Investment programmes affecting territories cannot be designed effectively without the authorities responsible for implementing them. Partnership and multi-level governance should therefore be built into the future MFF and its delivery mechanisms, rather than treated as an optional consultation exercise.

Fifth, distinguish efficiency from underinvestment. We support simplification, stronger performance and better value for money. But simplification must not be synonymous with centralisation or become a substitute for adequate resources, nor should administrative savings be confused with reductions in the investment capacity required to meet European objectives.

Sixth, ensure that the budget debate remains connected to citizens. The question is not simply how much the European Union spends. It is what Europeans receive in return: better infrastructure, stronger economies, safer communities, cleaner energy, affordable housing, opportunities for young people and greater resilience in the face of crises.

With regard to the future of Cohesion Policy in the next Multiannual Financial Framework, we recall that Cohesion is not simply a redistributive mechanism. It is a long-term investment policy whose effects are visible in infrastructure, skills, innovation, employment, public services, connectivity and the competitiveness of territories. It is also an essential complement for a deeper and more effective Single Market by reducing territorial disparities, strengthening the productive capacity of regions and enabling them to participate more fully in European value chains.

This broader European added value should also be reflected in how we assess the costs and benefits of the EU budget. The benefits of the Single Market are clear and of significant benefit to net contributors to the EU budget. Their economies are deeply integrated into European value chains and benefit from the free movement of goods, services, capital and people, as well as from access to a market of more than 450 million consumers. These benefits do not appear in a simple comparison between national contributions to and receipts from the EU budget. A net-balance approach fails to capture Member States' benefits from the Single Market and the business opportunities created by Cohesion Policy across the Union.

We therefore insist on the importance of maintaining a strong place-based approach and ensuring that regions and cities have a meaningful role in the design and implementation of EU investment.

For capital cities, this question is especially tangible. European capitals are simultaneously centres of economic activity, gateways for international mobility, hosts to major European institutions and universities, and places where pressures linked to housing, transport, migration, climate adaptation, energy and social inclusion are concentrated. The success of European policies can therefore often be measured in the capacity of our cities to implement them. If European policies succeed, they succeed first and foremost in places. If they fail, citizens experience that failure locally

From our perspective as local and regional leaders, the objective of the Multiannual Financial Framework should be to combine sound financial management with sufficient investment capacity, territorial cohesion and effective delivery on the ground.

We stand ready to work with the Irish Presidency, the European Council, the European Parliament and the European Commission to help achieve that objective.

Yours sincerely,

Kata Tüttö

President of the European Committee of the Regions

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