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**Guillaume Duval,**
Advisor, the future of European integration

BLOG POST

# The EU's external action budget: national self-interest versus the common European interest



The leaders of the 27 Member States are in the midst of negotiations on the EU budget for 2028–2034. One of the main casualties of the ongoing haggling is likely to be the Union's external policy. This is a decision that runs counter to the most fundamental interests of Europe and Europeans in the current geopolitical context.

Unlike at national level, the EU budget is not determined on a year-by-year basis. It is strictly governed by a financial framework that sets out, for a period of seven years, the amounts allocated to each EU policy area within an overall budget also fixed for the same period. This Multiannual Financial Framework (MFF) – as it is known in Brussels jargon – is currently being negotiated for the years 2028–2034.

## I • European budget: negotiations remain difficult

Given the numerous elections due to take place next year, particularly in France, Italy and Poland, Antonio Costa, the Portuguese President of the European Council, would like to finalise this budget before the end of 2026. Such negotiations, however, are always a very delicate exercise because they can only be concluded with the unanimous agreement of the Member States.

The process is even more complicated this time round, both by the scale of the challenges facing the EU and the delays that have accumulated in addressing them, and by the EU's obligation to repay, during this financial year, some €750 billion in loans taken out under the Next Generation EU plan, which was agreed in 2020 at the height of the COVID-19 pandemic.

In July 2025, the European Commission had put forward a draft budget of 2,000 billion euros, representing 1.26 per cent of the Union's GDP, compared with 1.1 per cent of GDP for the current 2021–2027 budget (though, thanks to extra-budgetary resources mobilised via Next Generation EU, the Union's expenditure actually amounted to 1.45 per cent of GDP over this period). As usual, the so-called 'frugal' states – Germany, the Netherlands, Sweden, Denmark, Austria and Finland – deemed this amount too high and demanded significant cuts.

## II • Drastic cuts to the EU's foreign policy

In response to this pressure, on 12 October, ahead of the European Council meeting on 15 and 16 October, the Irish EU Presidency presented an amended budget proposal of 1,825 billion euros, equivalent to 1.16 per cent of GDP. However, in reality, this budget limits expenditure on the EU's various policies to 1.05 per cent of GDP if the portion earmarked for repaying Next Generation EU is excluded. This would therefore represent, as a proportion of GDP, a 5 per cent reduction in the budget for EU policies compared with the previous period and a 38 per cent fall in EU public expenditure if Next Generation EU is also taken into account. The Irish proposal consequently envisaged cuts of €141 billion – an average of 8 per cent – compared with the budget initially proposed by the Commission.

However, these cuts were distributed very unevenly across the various sub-chapters of the EU budget. According to the Irish proposal, the sector facing the deepest cuts was to be the Union's external action: the €200 billion budget initially earmarked for the 'Global Europe' instrument would be reduced to just €157 billion – a cut twice as large as the average.

Unfortunately, this is a classic scenario in this type of negotiation: each Member State seeks both to minimise the contribution it must make to the European budget and to maximise the returns it receives through the EU's various policies. Yet in this game, it is always the Union's foreign policy that bears the brunt when trade-offs have to be made, since, by its very nature, it costs all Member States without yielding any benefits to any of them.

## III • A disastrous choice in the current geopolitical context

The fact remains that, in the current geopolitical context, these cuts would be catastrophic for the future of the Union if they were implemented. Faced with the growing aggression of Russia, allied with China on the one hand and the United States on the other, the European Union has a vital need to forge new alliances with countries of the 'Global South'. But you can't catch flies with vinegar: to do so, you have to put money on the table, as China in particular has demonstrated – with great success – over the past few decades. So far, the European response to the 'New Silk Roads' – which was supposed to be the 'Global Gateway', launched in 2021 – has proved very disappointing, precisely due to a lack of significant new funding.

Furthermore, at a time when the United States has slashed its development aid budgets, countries in the Global South are looking to Europe to play a major role. If we, too, fail to step up to alleviate the world's hardships – whether in the fight against hunger, epidemics or in the provision of education – we should not be surprised if many of our usual partners turn their backs on us and draw even closer to China and Russia.

Nor will it be possible to save the global fight against climate change and the Paris Agreement – despite Donald Trump's betrayal – if the European Union is unable to provide greater support to countries in the Global South. These countries bear only a very limited responsibility for the phenomenon, yet they are often on the front line when it comes to its effects: we must urgently help them adapt to climate change and accelerate their own energy transition. This is our duty, but it is also in our own interests.

Finally, the European Union never ceases to reiterate, quite rightly, its commitment to multilateralism. But in the face of the White House occupant's relentless attacks, this multilateralism will not be able to hold out for long if the EU is not prepared to dig deeper into its pockets to help save the institutions that sustain it.

In short, the cuts proposed by the Irish Presidency to the EU's external budget would, in reality, merely provide ammunition to our enemies. They are irresponsible and run counter to the Union's most fundamental interests.

## IV • The European Parliament against the self-interest of Member States

However, nothing has been decided yet. The Irish proposals met with strong resistance at the last European Council, and Antonio Costa must draw up new proposals ahead of the European Council – which he hopes will be decisive – to be held at the end of November. It is to be hoped that these proposals will this time take account of the common European interest in foreign policy, unlike those put forward by the Irish Presidency.

Furthermore, the Member States do not decide alone: the Multiannual Financial Framework must be adopted through the co-decision procedure with the European Parliament. By its very nature, the Parliament is more attuned to the collective European interest than the Council, which is more of a forum for arbitration between the national self-interests of the Member States. The Parliament has already come out in favour of maintaining the 'Global Europe' envelope at 200 billion euros. It is to be hoped that it will stand firm on this position and succeed in ensuring that the common European interest prevails regarding the Union's external action budget during the forthcoming negotiations with the Council on the MFF