

Opzet

Taal: Engels

Tijd/duur gesprek: Delegatieoverleg van 19.30-19.55, tbc persco, aansluitend diner

Locatie: Trêveszaal, aansluitend diner op locatie

Aanwezigen: 1+5 format. NL zijde:

Gesprek op verzoek van: FRA

Vorig contactmoment incl. follow-up: Europese Raad van 19 juni jl. Daarvoor diverse telcons (bilateraal) en VCs (in Washington format)

Doelstellingen/deliverables

- **[MFK / Recovery]:** NL neerzetten als 'constructieve speler met smalle marges': NL bereid om ad ultimo te zoeken naar een landingszone maar daarvoor moet het voorstel op aantal elementen wezenlijk worden aangepast.
- **[Hervormingen]:** Benadrukken dat link extra middelen met hervormingen en governance daarvan versterkt moeten worden (CIE-voorstel biedt onvoldoende waarborgen). Hervormingen zijn absoluut noodzakelijk voor duurzaam groeipad en grotere weerbaarheid lidstaten bij volgende schok.
- **Ownership lidstaten bevorderen:** voorkomen dat beeld ontstaat dat NL vertelt wat er in FRA (idem ITA, SPA) moet gebeuren.
- **[Loans for grants]:** Markeren dat loans for grants voor NL echt heel ingewikkeld ligt. Een principiële punt dat de lopende uitgaven uit EU-begroting niet met leningen worden gefinancierd. Nog veel onduidelijkheid over de wijze/tempo terugbetaling.
- **[Reguliere MFK]:** Vermijden van een structurele afdrachtenstijging. Eerdere onderhandelingsprincipes blijven gelden: benadrukken belang behoud permanente afdrachtenkorting, beperkte omvang, noodzaak modernisering (incl. effectieve RoL conditionaliteit) en terughoudend op nieuwe eigen middelen.

Informatie valt buiten de reikwijdte van het WOB-verzoek

Spreekpunten

[Introductie / bilateraal]

- Great to welcome you back in The Hague. I think last time we met in person was in February, just before the European Council.
- Lots has happened since then, both our countries and Europe as a whole have been

in crisis mode. Through it all I'm glad that we have been able to remain in touch on such a frequent basis!

- Of course also happy that FRA reopened its borders on June 15, I am sure many Dutch people look forward to visiting your beautiful country again.

[ISB Macron]

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[MFK / Recovery]

Algemeen

- Useful first round in the EUCO last Friday. Coming weeks will determine whether there is scope or agreement before the summer break.
- NL is willing to work in spirit of solidarity on EU contribution to recovery in all MS. We need a common strategy, that reflects the economic inter-dependencies; divergence and fragmentation should be avoided. However, current proposals go beyond purpose and are not politically feasible for NL. Recovery support should ensure that all Member States are better prepared for the next crisis. We should use this momentum to make the EU, and therefore its Member States, stronger and strengthen the Internal Market:
 - Therefore, my **main points** are:
 - On the MFF, the NL position is unchanged; modernization is key (Green Deal, Digitalization, Rule of Law conditionality); savings and permanent corrections are necessary. Without these, discussion on the recovery instrument is a non-starter.
 - There seems no need for a recovery instrument of the proposed size.
 - The recovery instrument should work on the basis of loans and decisions should be taken on the basis of unanimity.
 - The link to national reforms, and the governance of the recovery instruments should be strengthened.

MFK

- With regards to the MFF, NL position remains unchanged. Take note of CION's use of Negobox of 14 February as the starting point, but some changes go into the wrong direction. Especially with an additional recovery fund that finances regular MFF programmes, I don't see the need for a permanent increase of the MFF on top of

that. Still room for adjustments and reprioritization, f.e. by adjusting margins and special instruments and adjusting the deflator.

- Maintaining permanent rebate as discussed in February will remain an essential part of the deal. The rationale behind corrections remains valid. Excessive budgetary imbalances must be avoided. The proposed cut in the collection costs is not justified (cost of Brexit).
- Reluctance remains towards the original and possible new proposals for new own resources. Also, idea of first spending money and only afterwards deciding on how to repay back is a politically problematic strategy.
- Focus of investments on green and digital transitions, as well as research and innovation, is important. Now need to implement this in the actual proposals.
- The conditionality with regards to the rule of law must be maintained. RoL cannot be bargained with. Text from Finnish negobox must be reinstated. The appropriate procedure in the Council for the adoption of measures is by reversed QMV.

Herstelinstrument

- **[RRF: Size + allocation + temporarity]:** The size and allocation of the recovery instrument has to be based on COVID-19 impact, otherwise there is no link to solidarity to those affected. Also NL is hit very hard, with relatively weak recovery in 2021 (due to reliance on external demand). And don't forget the impact of Brexit. The size of the fund must come down and the increase in headroom is too high. NL supports the temporary, one-off nature of the fund, but it should be more limited and linked to real needs.

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- **[RRF: Loans / grants]:** You know our position on loans for grants and the need for savings on the recovery instrument. NL is very concerned about proposed funding mechanism in CION proposal, by issuing debt to finance the EU budget ("loans for grants"). This is a fundamental point as it runs counter to sound budgetary principles (EU budget must be in balance, no debt-financing) and might lead to debt mutualization. It will create substantial repayment obligations for all MS in the coming years and decades, and will set an undesirable precedent holding the risk to be used over and over again.
- I am not convinced about the need for a grant-based recovery. Debt is debt no matter if on national or EU-level; it still has to be repaid. Therefore it is best using loans, given that all Member States can borrow more on the market and have sustainable debt according to CION. I have to take into account a reluctant Dutch

parliament, also due to the strong impact that COVID-19 has had and will have on our economy.

- **[RRF: Reforms]:** You mentioned before France's willingness to reform. That is reassuring. Not my intention at all to tell you how to reform, but strong commitment to reforms and the fiscal framework are essential to lift potential growth and enhance resilience.
The BICC methodology proposed by CION is good starting point. However, if used for Recovery & Resilience Facility (RRF), it needs to be strengthened significantly with direct and clear links to reforms in the CSRs, now too vague and open-ended (i.e. "package" of reform and investment + broad link to priorities/challenges Semester). Also need independent assessment of proposals and progress. Idea of milestones with payment based on progress is a good system, but shouldn't be window-dressing.
- **[RRF: Country-Specific Recommendations (CSRs)]:** Regarding the CSRs for 2020, we understand focus on immediate action due to COVID-19. However, significantly decreased attention on structural challenges makes them insufficient as a basis for link with reforms in the context of the RRF (e.g. housing market/pension reform in the NL or FRA pensions/tax and regulatory environment firms are now missing in the CSRs). So need to include the 2019 CSR's in reforms that are essential to address medium- to long-term structural challenges and support lasting economic growth.
- Strengthening the governance of the RRF is essential as implementation is key. I'm interested to hear what you see as a possible way forward to strengthen governance of the RRF, relative to what is proposed now in the RRF regulation. Hope to get your support in finding, with CION, a methodology that gives trust while at the same time safeguarding that taxpayers' money indeed contributes to necessary reforms. For us unanimity in decision making is an important element.
- **[PASSIEF over timing]:** These negotiations will take time. Positions still far apart. NL agrees that swift agreement on this complex discussion helps the EU to move forward. However there are questions unresolved that we need to find an answer to, before we could support any deal. Process is also carefully watched by NL Parliament. We will have to await a new version of the negotiation box before real negotiations can start. We recognize the sense of urgency and are prepared to move swiftly, but the end result counts. The Eurogroup package of EUR 540 bln., with the ESM instrument being operational (but not used) and the rest following soon, should in combination with the ECB effort and the fact that all Member states can borrow against favorable rates alleviate some of the pressure / urgent needs.

[Klimaat]

- I already stressed the importance of green recovery. Climate remains an important topic for us. Agreement on higher 2030 CO2-reduction target crucial for Green recovery; will become target for Green Deal policies.

Informatie valt buiten de reikwijdte van het WOB-verzoek

Achtergrond

[Introductie / bilateraal]

- Uw laatste fysieke ontmoeting met Macron was in Parijs op 14 februari 2020, in aanloop naar de ER waarbij de MFK-onderhandelingen centraal stonden. Daarnaast sprak u ook over klimaat, migratie, uitbreiding en Brexit.

Informatie valt buiten de reikwijdte van het WOB-verzoek

[MFK / Recovery]

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- FRA net als NL nettobetaler aan MFK en het herstelinstrument. FRA hoort met EUR 37 mrd. bij de grote ontvangers o.b.v. bekende allocaties herstelinstrument (onvolledig beeld): ITA (EUR 68 mrd), SPA (EUR 65 mrd), POL (EUR 35 mrd), GRI (EUR 21 mrd), DUI (EUR 29 mrd). NL ontvangt EUR 8 mld FRA, DUI en NL dragen ook fors bij (FRA EUR 87 mrd, DUI EUR 130 mrd en NL EUR 28 mrd) en onder aan de streep nettobetaler. BUL, GRIE en KRO in termen van netto-positie grootste ontvangers.

[Klimaat]

- Vanuit het oogpunt van een duurzaam economisch herstel is het van belang dat economische herstelmaatregelen en investeringen gericht zijn op de groene en digitale transitie.

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Informatie valt buiten de reikwijdte van het WOB-verzoek

- NL zet erop in dat geborgd wordt dat de investeringen uit het Next-Generation EU-pakket voor ten minste 25% ten goede komen aan klimaat en (in hun geheel)

bijdragen aan de doelen van de Green Deal en de uitvoering van de INEKs. Het *do no harm* principe moet goed worden uitgewerkt in deelverordeningen om te voorkomen dat geïnvesteerd wordt in projecten die schadelijk zijn voor de doelen van de Green Deal.

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