

Opzet

Taal: Engels

Tijd/duur gesprek: xxx

Locatie: xxx

Aanwezigen: xxx

Gesprek op verzoek van: xxx

Vorig contactmoment incl. follow-up: **Telcon op 26 juni jl.**, VTC ER van 19 juni jl. en bezoek aan Conte in Rome 15 januari jl.

Doelstellingen/deliverables

- **[MFK]:** 1) MFK incl. kortingen ("entry ticket") en RoL-conditionaliteit en koppeling klimaatdoelen 2030/2050 + JTF; 2) L4L i.p.v. L4G nodig voor snel akkoord; 3) RRF: strikte koppeling met structurele hervormingen + unanimiteit; 4) verdeling RRF richten op meest getroffen LS; 5) omvang Next Generation EU omlaag.

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Informatie valt buiten de reikwijdte van het WOB-verzoek

Spreekpunten

[Bilateraal]

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Informatie valt buiten de reikwijdte van het WOB-verzoek

[MFK/Recovery]

Introductie/kernboodschap

- This unprecedented crisis calls for solidarity and responsibility.
- 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.

- Therefore, my main points are:
 - Major savings necessary on recovery instrument: needs assessment does not support proposed size and allocation.
 - Recovery instrument should work on loans basis.
 - Link to national reforms should be strengthened.
 - Regular MFF: position unchanged, savings and permanent rebates necessary.
 - Positive about links to transition to a climate-neutral, digital economy with a strengthened Single Market, and Rule of Law conditionality. [ITA on same page]

Herstelinstrument

- There is no link between size of the recovery instrument and needs assessment, makes it very difficult to explain why this huge amount. Also, absorption capacity is not big enough for such an amount. Part of recovery will have to be private, shouldn't crowd that out by flooding economy with too much public money.
- Grants are no option for us, no majority in parliament and don't see rationale.
 - (i) it will not change debt sustainability in a fundamental way, as all MS will have to contribute to repaying the EU loans in the future, ITA will also be large contributor to repayment (though still small net-benefactor). [*false solution, markets won't differentiate*].
 - (ii) what would improve debt sustainability is structural reforms leading to sustainable growth and improved public finances, this will provide trust in future.
 - (iii) Lastly, debts of all EU MS still sustainable as judged by CION (as part of ESM instrument) and ITA spread historically low (<180 bps), not comparable to 8 years ago (500 bps).
 - (iv) shouldn't be shifting public debt from one country to the other, also private debt in Italy is relatively low and in NL quite high, have to look at the whole picture.
- Major savings necessary on recovery instrument: size of the recovery instrument is unfounded and needs to come down. A 'mini-MFF' of EUR 190 bln. financed by borrowing is not acceptable.
- Allocation has to be clearly focused on MS most affected, like Italy. 70-30 step in the right direction but should go further [50-50]. Unthinkable to hand over large sums of additional money to MS that are not hit hard and do not comply with EU

RoL standards, climate policy goals, and do not allow effective oversight of spending (European Public Prosecutor's Office).

- Governance of RRF, Decisions approving the reform plans and for payment on basis of progress (milestones) should be made with unanimity in the Council to ensure democratic legitimacy vis-à-vis future generations that will be responsible for repayment of the recovery package.
- [*passief voorwaarden bij L4G*] If we were to consider loans-for-grants (310 billion RRF), unanimity is key, and these would need to take the form of converting loans to a financial compensation (not grants, but a sort of "recovery rebate" after implementation of structural reforms).
 - On ESM with unanimity and that is with loans, if grants it is necessity for democratic accountability (committing to repayment for long period).
 - No strife, won't be any different than regular consensus based decision making in EUCO and Eurogroup.
- Link to national reforms should be strengthened within recovery instrument. Strong commitment to reforms and the fiscal framework essential to lift potential growth and enhance resilience. Link to 2019 CSR's. Clear distinction between reform plans and investment plans needed: both are necessary, not just investment.
- Reforms ITA: Glad to see you made progress with the *Decreto Semplificazione*, ambitious reform which will make bureaucracy more efficient I hope, is good step. Labour market, investment climate, informal economy/tax evasion and public finances are also key. Understand you are having extensive dialogue with stakeholders in the 'Stati Generali', did you manage to gain support for an ambitious agenda? Ownership is crucial to make all of this a success.
- [*passief pensioenen*] understand your government will not prolong the waivers/exceptions to the Fornero reform introduced in 2018 and these therefore will expire soon?

MFK

- Regular MFF: position unchanged, savings and permanent rebates necessary. "Entry ticket" for discussions on RRF. NL contribution to the EU budget must remain stable, i.e. the required correction depends on the MFF ceiling.
- The RoL conditionality needs to be strong and effective. Rule of law is at the core of what the Union stands for and cannot be bargained with. The appropriate procedure in the Council for the adoption of measures is by reversed QMV. The RoL conditionality must remain fully applicable to Next Generation EU. Also need to ensure clear link between Just Transition Fund and commitment to climate neutrality in 2050 and raising of 2030 climate target.

- Also, Commission has to provide more info on possible additional capital for EIB. We view this as a package with the MFF.

Passieve punten (counternarratives)

- (10)(2a)
- [*Counternarrative urgentie*] Negotiations will take time. Positions still far apart. NL agrees that swift agreement on this complex discussion helps EU to move forward. We all feel the sense of urgency. However there are questions unresolved that we need to find an answer to, before we can start negotiations. Given the large (positive) impact this package will have on the EU in the upcoming years and even decades, it is important to have it right. Furthermore, several reasons why I believe urgency is not as pressing:
 - The Eurogroup package of EUR 540 bln., with the ESM instrument being operational (but not used) and the other instruments (SURE and EIB guarantee fund) becoming operational soon. Doesn't this provide a sufficient bridge in combination with ECB efforts?
 - Are there any developments in the internal discussions you have on using the ESM instrument?
 - Financing for all MS still available against historically low interest rates (ITA 1,8% interest for 10-years debt in comparison to 5% during euro crisis), largely due to efforts of the ECB, which have been expanded and prolonged. Furthermore, the Commission has concluded that all debt levels are still sustainable.
 - Absorption capacity will be low in the beginning anyway according to the Commission, more than half of the funding is expected to be paid out in 2024 and later. What is necessary now is the development of plans for reforms and for public investments, this process can start irrespective of the definitive shape and details of the recovery fund.
- Let's stay in close contact, we can follow-up with proposals for the new negobox. 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 MS can borrow against favourable rates, alleviate some of the pressure / urgent needs.

Informatie valt buiten de reikwijdte van het WOB-verzoek

Achtergrond

[MFK/Recovery]

Inhoudelijk

- 10 juli zal ITA inzet ER bespreken in kabinet en 15 juli stemming in het parlement over mandaat Conte voor ER. Akkoord is zo snel mogelijk nodig, bij ER van 17-18 juli zal lastig zijn, maar eind juli moet het klaar zijn.
- Zomerraming (7/7): verwachtingen voor ITA flink verslechterd, voor 2020 nu 11.2% bbp krimp verwacht (t.o.v. -9.5% bbp in lenteraming) en ook licht zwakker herstel in 2021 verwacht van 6.1% bbp (t.o.v. 6.5% bbp). ITA in raming zwaarst getroffen lidstaat EU.
- Uit gesprekken van MBZ met ITA MinEUZA (Amendola) en MinBZ (Di Maio) blijkt:

(10)(2a)

(10)(2a)

ITA noodzakelijke hervormingen (CSRs 2019-2020)

Overheidsfinanciën en belastingen	<ul style="list-style-type: none"> Afbouwen schuld middels geloofwaardig pad (afgelopen decennium geen enkel jaar waarin schuld substantieel daalde) Statutaire pensioenleeftijd ligt hoog (67), gezien vergrijzing van belang dat tijdelijke uitzonderingen niet verlengd worden Verhoging btw (telkens wordt geplande verhoging geneutraliseerd) / verlaging belasting op inkomen Belastingontwijking aanpakken
Arbeidsmarkt en sociale zekerheid	<ul style="list-style-type: none"> Verhoging arbeidsparticipatie vrouwen (41%) Verlaging jongeren niet in onderwijs/werk (19,2%, 10,5% is EU-gemiddelde), o.a. door activerend arbeidsmarktbeleid Aanpakken niet-geregistreerd werk (19% van economie)
Concurrentievermogen, productiviteit en vestigingsklimaat	<ul style="list-style-type: none"> Opheffing barrières voor toegang tot sectoren Verbetering van aanbestedingsprocedures Verkorting duur rechtelijke procedures Vervolmaking anti-corruptie raamwerk
Financiële sector	<ul style="list-style-type: none"> Consolidatie grotere coöperatieve banken Implementatie aangepast insolventieraamwerk
<i>Stavaza hervormingen (geen onderdeel CSRs)</i>	<ul style="list-style-type: none"> Conte heeft op 3/6 nieuw hervormingspakket aangekondigd, publicatie verwacht in september met daarin modernisering/digitalisering/duurzaamheid/R&D/onderwijs/judicieel/fiscaal. Hervorming bureaucratie (<i>Decreto Semplificazione</i>) vorige week (3/7) in ministerraad behandeld, hiermee worden meerdere CSR's geadresseerd (o.a. aanbestedingsprocedures efficiënter, verlaging drempels contante betalingen voor inperking zwarte economie, digitalisering overheid) ITA heeft bilateraal aangegeven <u>pensioenuitzonderingen</u> (<i>Fornero hervorming</i>) af te zullen laten lopen. Staatsschuld vrijwel gelijk gebleven afgelopen 5 jaar: van 135,4% (2014) naar 134,8% BBP (2019)

[Bilateraal]

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