

**Opzet**

**Taal:** Engels

**Tijd/duur gesprek:** 18.30 – 20.20

**Locatie:** Catshuis

**Aanwezigen:** (10)(2e) (10)(10)(2e)

(10)(2e)

**Vorig contactmoment incl. follow-up:** VTC ER van 19 juni jl.

**Doelstellingen/deliverables**

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

Informatie valt buiten de reikwijdte van het WOB-verzoek

**Spreekpunten**

**[Bilateraal]**

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:
  - Regular MFF: position unchanged, savings and permanent rebates necessary.
  - Like Portugal we are positive about links to transition to a climate-neutral, digital economy with a strengthened Single Market, and Rule of Law conditionality.
  - RRF: 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.
- Would like to inform you that our parliament has last week approved the guarantees for both the SURE instrument and the EIB guarantee fund. Hope others will follow soon and full Eurogroup package will become operational.

#### **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 conditional link between Just Transition Fund and commitment to both 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.

#### **Herstelinstrument**

- Impressed by Portugal's recovery after previous crisis. Last year you had a budgetary surplus for the first time since 1973, I want to again commend you for this feat and for the difficult road you had in achieving this. It has made you stronger and better prepared, which is essential, since you are facing nearly a 10% drop in GDP this year.
- I would like to assure you that I am not preaching austerity as a way out of this crisis, but reforms. If we want to reach the common goal we have - the convergence of European economies to a higher level - there is a need for both investments and structural reforms in all member states, including the

Netherlands. We need to increase competitiveness and resilience to come out of this crisis stronger (Portugal's recovery after the previous crisis provides a good example).

- This road will be difficult which is why the Netherlands is pleading for a strong link between investments and national reforms in the recovery fund, including ownership and democratic accountability. 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.
- NL is not in favour of grants, 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.
  - (ii) what would improve debt sustainability is structural reforms leading to sustainable growth and improved public finances.
  - (iii) Lastly, debts of all EU MS still sustainable as judged by CION (as part of ESM instrument) and POR spread historically low (<85 bps), not comparable to only 3 years ago (>380 bps). [spread voor 10Y bonds t.o.v. Duitse bonds]
- It is the money of future generations that will be invested through this fund, we have to do this wisely. Therefore it is difficult to explain this huge amount when there is no link between size of the recovery instrument and needs assessment. Also, such an amount cannot be adequately absorbed. Part of recovery will have to be financed by private sector, shouldn't crowd that out by flooding economy with too much public money. Thus major savings on recovery instrument are needed and a 'mini-MFF' of EUR 190 bln. financed by borrowing is not acceptable.
- Allocation has to be clearly focused on MS most affected, like Portugal. 70-30 step in the right direction but should go further [50-50] and important to base it on economic contraction (instead of unemployment figures 2015-2019) and speed of recovery. Otherwise there is no link to solidarity with those who are most affected. Unthinkable to hand over large sums of additional money to MS that are not hit hard, soon will reach pre-COVID levels, 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 (ensure democratic legitimacy for financial implications),

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).

**Passieve punten**

- (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 (we have done our part passing them through parliament). Doesn't this provide a sufficient bridge in combination with ECB efforts?
    - [*Passief*: Are there any developments with regards to your considerations on using the ESM instrument?]
  - Financing for all MS still available against historically low interest rates (POR spread historically low with less than 85 bps, not comparable to more than 380 bps only 3 years ago). 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.

- Informatie valt buiten de reikwijdte van het WOB-verzoek

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**[Reisadviezen / toerisme]**

Informatie valt buiten de reikwijdte van het WOB-verzoek

**Achtergrond**

**[MFK/Recovery]**

**Inhoudelijk**

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(10)(2a)

- Als onofficieel aanvoerder van de Cohesielidstaten zullen zij waarschijnlijk bezuinigingen op REACT-EU (50mld van de 190mld mini-MFF) zeer moeilijk kunnen accepteren.
- Zomerraming (7/7): verwachtingen voor POR zeer flink verslechterd, voor 2020 nu 9.8% bbp krimp verwacht (t.o.v. -6.8% bbp in lenteraming) en verwacht herstel in 2021 is ongeveer gelijk gebleven met 6% (t.o.v. 5.8% in lenteraming), dus overall stuk slechter en groot gat met pre-COVID niveau. POR in raming nu één van de zwaarst getroffen lidstaten.

**POR noodzakelijke hervormingen (CSRs 2019-2020)**

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| Overheidsfinanciën en belastingen                         | <ul style="list-style-type: none"> <li>• Afbouwen schuld middels geloofwaardig pad</li> <li>• Kwaliteit overheidsfinanciën verbeteren d.m.v. prioritering groeibevorderende uitgaven, beheersing totale uitgaven, kostenefficiëntie en adequate budgettering te versterken.</li> <li>• Duurzame vermindering achterstallige betalingen ziekenhuizen.</li> <li>• Financiële levensvatbaarheid van overheidsbedrijven verbeteren.</li> </ul>  |
| Arbeidsmarkt en sociale zekerheid                         | <ul style="list-style-type: none"> <li>• Arbeidsmarktsegmentatie aanpakken.</li> <li>• Vaardigheden bevolking verbeteren en onderwijs beter laten aansluiten op behoeften arbeidsmarkt.</li> <li>• De effectiviteit en adequatie van het sociaal vangnet verbeteren.</li> </ul>   |
| Concurrentievermogen, productiviteit en vestigingsklimaat | <ul style="list-style-type: none"> <li>• Aantal diploma's hoger onderwijs verhogen.</li> <li>• Administratieve/regelgevingslasten bedrijven reduceren, m.n. sectorspecifieke belemmeringen licenties verminderen.</li> <li>• Beperkingen in sterk gereguleerde beroepen verminderen.</li> <li>• Efficiëntie administratieve en fiscale rechtbanken verhogen, met name door de duur van procedures te verkorten.</li> <li>• Met gebruik van digitale technologie toegang tot onderwijs en training verbeteren en concurrentievermogen bedrijfsleven verhogen.</li> </ul> |
| Financiële sector   | <ul style="list-style-type: none"> <li>• Vergroten efficiëntie insolventie- en afwikkelraamwerk om afbouw non-performing loans te versnellen.</li> </ul>  |
| Stavaza hervormingen (geen onderdeel CSRs)                | <ul style="list-style-type: none"> <li>• <i>Als onderdeel van het EFSF programma (dat eindigde in 2014) heeft Portugal flinke hervormingen doorgevoerd.</i></li> <li>• <i>Portugal heeft hoogste effectieve pensioenleeftijd van EU met 68,5 voor mannen en 65,4 voor vrouwen, beiden ongeveer 3 jaar hoger dan NL.</i></li> <li>• <i>Staatsschuld significant afgebouwd van 133% bbp (2014) naar 118% bbp (2019). Verwachting is dat schuld volgend jaar zal oplopen tot boven 130% bbp door maatregelen en krimp.</i></li> </ul>                                      |

**[Bilateraal]**

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