

Opzet

Taal: Engels

Tijd/duur gesprek: 12.30 – 14.45

Locatie: Catshuis

Aanwezig: (10)(2e) (10)(2e) (10)(2e)

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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 help now and ensure that all Member States are better prepared for the next crisis. We should use this momentum to make the EU, and its member states, stronger.

- Therefore, my main points are:
 - Regular MFF: position unchanged, savings and permanent rebates necessary.
 - Like Spain 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 recently 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.
- Like Spain, we think 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. Good to see we are both ambitious here.
- Also, Commission has to provide more info on possible additional capital for EIB. We view this as a package with the MFF.

Herstelinstrument

- I would like to assure you that I am not preaching austerity as a way out of this crisis, but growth-enhancing reforms and investment. 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.
- There is no link between size of the recovery instrument and needs assessment,

- makes it very difficult to explain why this huge amount. 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.
- 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, and definitely Spanish debt, still sustainable as judged by CION (as part of ESM instrument)
 - 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 Spain. 70-30 step in the right direction but should go further [50-50] and important to base it on economic contraction (instead of unemployment criteria 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, 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).
 - ESM is with unanimity, and that is with loans; if RRF with grants unanimity is necessary 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.

- Of course Spain has been hit hard also by the Eurocrisis, and substantial reforms were implemented thereafter. Also your public debt has been decreased. The Bank of Spain has made some interesting recommendations on new reforms to ensure Spain comes out of the current crisis stronger. How have they been received in your government and parliament; do you think they could be a base for your reform plan? [*Passief*]: Don't you think a strong link between European support and reforms can be helpful in implementing your reform agenda?

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). Should provide a sufficient bridge in combination with ECB efforts.
 - 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 (SPA spread historically low with less than 85 bps, half of the spread of only 4 years ago with more than 165 bps). Furthermore, the Commission has concluded that all debt levels are still sustainable. [spread voor 10Y bonds t.o.v. Duitse bonds].
 - 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

Achtergrond

[MFK/Recovery]

Inhoudelijk

- Voor regering-Sánchez is uitkomst ER 17/18 jul van belang voor onderhandelingen over nationale begroting 2021 (augustus). Sánchez hoopt in derde week september begroting te presenteren.

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SPA pers

sorteert – o.b.v. anonieme regeringsbronnen - inmiddels voor op lager bedrag RRF dan EUR 750 mld.

- Zomerraming (7/7): verwachtingen voor SPA flink verslechterd, voor 2020 nu 10.9% bbp krimp verwacht (t.o.v. -9.4% bbp in lenteraming) en verwacht herstel in 2021 is ongeveer gelijk gebleven met 7.1% (t.o.v. 6% in lenteraming), dus overall stuk slechter en groot gat met pre-COVID niveau. SPA na ITA zwaarst getroffen lidstaat. Vooral het MKB en toerisme worden hard geraakt. Volgens eerdere schattingen loopt de werkloosheid op tot 20%.
- Spaanse Centrale Bank benadrukte onlangs belang voor verdere hervormingen. Advies spitste zich toe op:
 - Fiscale consolidatie: EMU schuldquote in 2030 onder de 100% BBP (i.p.v. zeker 115% in huidige prognoses). Verhoging belastinginkomsten en beperking uitzonderingen/afrekeposten nodig; ook bredere toepassing hoge BTW. Verder moet pensioenstelsel – na eerdere hervormingen – duurzamer.
 - Productiviteit: SPA productiviteitsgroei (0,2% i.p.v. DUI 0,8%) ligt te laag. Vooral actie nodig op arbeidsmarkt, onderwijs, R&D en grootte bedrijven.
 - Financieringsopties: SPA moet alles afwegen, incl. ESM. Milde conditionaliteit wordt door centrale bank niet als nadeel gezien.
- SPA regering is van mening dat ze zeer hervormingsgezind zijn en dat ze in de afgelopen tien jaar veel hebben hervormd (o.a. tijdens ESM-programma), bijv. de huizenmarkt, de arbeidsmarkt, de pensioenen en sanering van de bankensector. In de laatste maanden zijn ook drie hervormingen (energie transitie, circulaire economie, invoering activerende bijstandsuitkering) doorgevoerd.
- SPA regering ziet zichzelf als een verantwoordelijke regering en committeert zich ook aan de CSRs, maar hecht waarde aan eigenaarschap en eigen verantwoordelijkheid.
- Sinds het begin van de crisis pleit Sánchez voor een nationaal 'reconstructiepact', verwijzend naar de 'Pactos de la Moncloa' direct na de Francotijd. De oppositie zag dit als een valstrik (gericht op versterking imago Sánchez). Vooral door druk van werkgeverskoepel CEOE op oppositiepartij PP is er echter weer voortgang.
- Hervormingen kosten tijd, kunnen niet daarop wachten voor uitbetaling, dan is het te laat, dus frontloading noodzakelijk. SPA was op een opwaarts pad met economische groei boven EU-gemiddelde toen COVID-19 toesloeg. SPA heeft naar eigen mening geen begrotingsruimte om te doen wat nodig is.
- SPA wil een transparante boekhouding van de bestedingen, en mag worden aangesproken als er een vermoeden is van 'mismanagement'.

SPA noodzakelijke hervormingen (CSRs 2019-2020)

Overheidsfinanciën

Verlaging van publieke schuldquote.

en belastingen	<ul style="list-style-type: none"> • Introductie landelijke aanbestedingsprocedure om publieke middelen efficiënter te besteden. • Niet bevroren van link pensioenleeftijd en levensverwachting, en uitkering niet linken aan inflatie (zoals in 2018 en 2019). • Automatischer proces voor begrotingsconsolidatie ten tijde van hoogconjunctuur (ontbreekt).
Arbeidsmarkt en sociale zekerheid	<ul style="list-style-type: none"> • Verminder vroegtijdig schoolverlaters (hervorming onderwijs staat stil). • Verlaging jongeren niet in onderwijs/werk (één van de hoogste in de EU). • Centralisatie regelgeving t.a.v. lonen. • Verminder segmentatie arbeidsmarkt • Verhoging arbeidsparticipatie vrouwen (51%).
Concurrentievermogen, productiviteit en vestigingsklimaat	<ul style="list-style-type: none"> • Inperking fragmentatie van wetgeving t.a.v. bedrijven. • Verlagen barrières voor beschermd beroepen. • Coördinatie van innovatiebeleid. • Meer focus op publiek-private samenwerking.
Financiële sector	<ul style="list-style-type: none"> • Verdere verlaging private schuld.
Stavaza hervormingen (geen onderdeel CSRs)	<ul style="list-style-type: none"> • <i>Flink hervormd tijdens ESM-programma.</i> • <i>Speciale commissie heeft aanbevelingen gedaan t.a.v. pensioen. Nog niet zeker of/hoe geïmplementeerd wordt.</i> • <i>Implementatie CSR's beperkt.</i> • <i>Sinds 2014 staatsschuld van 100,7% BBP naar 95,5% BBP (2019)</i>

[Bilateraal]

<ul style="list-style-type: none"> • • • • • • • <p style="text-align: center;">Informatie valt buiten de reikwijdte van het WOB-verzoek</p>

[Migratie]

<ul style="list-style-type: none"> • • <p style="text-align: center;">Informatie valt buiten de reikwijdte van het WOB-verzoek</p>
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