

8. Interventielijn ER zelf

[MFK/Herstelstrategie]

Intro

- We are ready to negotiate an agreement on the MFF and Recovery Fund. It is key to build a common framework that reflects our economic inter-dependencies and strikes the right balance between solidarity and responsibility. We are all united around the objective to get out of the current crisis stronger. We need to get the internal market running again at full speed, encourage the green and digital transitions, and we need to be able to assert ourselves at the global stage. There can be no doubt about that.
- However, the package in its current form goes beyond purpose and is not acceptable for NL.
- [I would like to reassure you that I am not pleading austerity as a way out of this crisis.]
- What we need is a realistic EU budget that addresses the priorities of the 21st century. This in itself is already a daunting task. And due to the economic crisis following the outbreak of the Corona virus, we need to work on a recovery plan as well. This requires focused, growth enhancing investments to get out of this crisis and structural reforms to become more competitive and resilient for a future crisis.

MFF

- On the regular MFF, our position is unchanged. In this respect, the new negobox is a step in the right direction, but clearly still falls short of what we need.
- Excessive budgetary imbalances must be avoided. The proposed level of rebates would only be justified if the MFF drastically decreases in size. A smaller Union should mean a smaller MFF. Also the proposed level of collection costs is insufficient. We need this as an "entry ticket" for discussions on NextGenEU.
- In terms of modernisation we see some steps in the right direction (climate, Horizon), on other points it is clearly falling short (cohesion, CAP).
- The rule of law conditionality is absolutely essential, we should look for options to further strengthen it in line with the original Commission proposal. It must not become only a paper reality.
- Lastly, we remain reluctant to accepting new Own Resources and are critical of proposed increase of the Own Resources ceiling. The size of the headroom is unnecessarily large and should be set in billions of euro.

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Recovery

- As regards the Recovery Fund, we have several concerns.
- First of all, the size of the recovery instrument should be brought down significantly. There's no justification for the proposed huge amount. Also, a 'mini-MFF' of EUR 190 bln. financed by borrowing is not acceptable, especially since the link with COVID-19 is weak.
- Second, we are concerned about the allocation key, which has to be clearly focused on MS most affected. The 70-30 phased disbursement is a step in the right direction but should be adjusted further to make sure we focus our efforts where the needs are the strongest and the recovery support is the most effective. We have suggestions on how that could work, and are open to working with all of you to find the right balance here.
- Number three: we have fundamental concerns with the concept of loans for grants. The fact that the Commission is allowed to borrow money from the financial markets in order to spend these funds through grant-based programmes submitted by member states is without precedent. From a point of democratic legitimacy, I cannot explain to myself nor to my parliament why this is necessary. Loans for loans would have been a much more prudent approach, with the same - if not better - perspective of achieving the objectives of resilience and recovery.
- I have discussed these concerns at length with Charles as well with several of you around the table. I can assure you that these concerns still stand. In order for me to be able to positively consider the RRF proposal on the basis of loans for grants, a series of necessary safeguards need to be added.
 - The first safeguard is a stronger link between investments through the RRF and structural reforms. Therefore, the implementation of structural reforms based on the 2019 CSRs must be a condition for access to the funds. This should be made explicit in the Negobox.
 - The second safeguard we need, and this is a key issue, is a democratic safeguard to ensure that the contributions we all make to this fund are indeed spent on the right priorities and that the required reforms are actually implemented. This requires a strict, objective and transparent decision-making process. In our view, decisions on providing support through the Recovery and Resilience Facility must be based on unanimity in the Council. This is the only way to ensure democratic accountability towards future generations that will be responsible for the repayment of the recovery package.

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EIB

- Finally, the EIB capital increase needed seems excessively high. We need to cut the underlying programmes to reduce the capital increase. Would like to emphasize that any capital increase should be regarded as part of MFF/Recovery package, good to see link with governance reform in negobox. Need to make EIB Group fit-for-purpose.