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Vorbereiding BWO MFK maandag 25 mei 2020

Aanwezig: MP, MBZ, MFIN, MEZK, MSZW

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Agenda

- Tijdens het BWO wordt gesproken over de NL inzet bij de verdere onderhandelingen over het Europese herstellfonds (Recovery Fund) en een nieuw voorstel voor het Meerjarig Financieel Kader 2021-2027. Ten behoeve van het overleg is een tweetal stukken opgesteld over de volgende onderwerpen:
 - 1) Engelstalig 'Hymn sheet' met kernpunten Nederlandse positie ten aanzien van het Recovery Fund.
 - 2) Iets uitgebreider Engelstalig non-paper dat verspreid is onder de Frugals waarin met name ingezoomd wordt op financiering en het belang van strikte conditionaliteiten.
- Er liggen geen concrete beslisapunten voor. Mogelijk zal besloten of en hoe het 'Hymn sheet' verder verspreid wordt in Brussel en richting Kamer.

Aanleiding

Op 27 mei publiceert de Commissie voorstellen voor een Recovery Fund en het volgende MFK. In navolging van het BWO van 19 mei is afgesproken om verder door te spreken over de Nederlandse inzet hieromtrent. Specifiek is verzocht om de Nederlandse inzet verder te concretiseren, en dan met name waar het de positie omtrent uitruilen op het terrein van de interne markt betreft.

Advies

- U kunt de voorgestelde uitruilmogelijkheden met internemarktdossiers steunen, specifiek t.a.v. mededinging, versterking interne markt en kapitaalmarktunie.
- Daarnaast kunt u benadrukken dat een meer stevige modernisering binnen het MFK (in de vorm van een serieuze afbouw van cohesie en GLB), een concrete uitruilmogelijkheid kan zijn. Zo zou de steun aan rijke regio's kunnen worden uitgefaseerd.
- Desgewenst kunt u, zoals reeds benadrukt in Nederlandse Green Recovery-paper, aangeven dat de Green Deal een centrale rol moet spelen in het herstel van de EU. Dit kan concreet gerealiseerd worden door te eisen dat investeringen in lijn moeten zijn met de doelen van de Green Deal en nationale Energie en Klimaatplannen.

Koppeling *Recovery Fund* met andere dossiers (bijv. interne markt)

- Eerder sprak het BWO over het koppelen van herstelmaatregelen aan bijvoorbeeld dossiers op het terrein van de interne markt. Deze koppeling blijft lastig te concretiseren, omdat verdere stappen op de interne markt meer neerkomen op een uniformere toepassing en striktere handhaving van de internemarktregels dan nieuwe wetgeving. In de nieuwe 'Hymn sheet' hebben we een nieuwe poging gedaan, waarbij ook het onderwerp mededinging is meegenomen.
- FRA en DUI pleiten voor inhoudelijke versoepeling van het toezicht op fusies en overnames (concentratietoezicht). Hierdoor zou het eenvoudiger moeten worden om via fusies Europese kampioenen te creëren die beter kunnen concurreren op de wereldmarkt. Nederland is hier geen voorstander van. Het toestaan van Europese monopolisten zou ten koste gaan van Nederlandse consumenten en mkb-bedrijven, doordat zij hogere prijzen betalen als gevolg van verminderde concurrentie. Ook kan te sterke concentratie van bedrijven leiden tot minder innovatie. Concreet zou de Europese Raad moeten vastleggen dat het mededingingstoezicht gemoderniseerd wordt, maar tegelijkertijd politiek onafhankelijk blijft en enkel gericht op het bewaken van voldoende concurrentie.
- De EU kan volgens NL beter 'kampioenen' creëren door de interne markt verdiepen en door middel van een steviger gezamenlijk innovatie- en industriebeleid. Op het terrein van mededinging is de voorkeurslijn om in te zetten op het creëren van een gelijk speelveld op de interne markt, ook voor spelers van buiten de EU, via een level playing field instrument en het verstevigen van de regulering voor online platforms met een poortwachterspositie.
- Wij hebben verder nog gesuggereerd in het 'Hymn sheet' op te nemen dat investeringen in lijn moeten zijn met de doelen van de Green Deal en nationale Energie en Klimaatplannen. Dit is door ambtelijk BZ niet overgenomen.



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Bijlage: Appreciatie DUI-FRA verklaring herstelplan

Merkel en Macron presenteerden op 18/5 een gezamenlijk initiatief voor een Europees herstelplan, in aanloop naar publicatie van de Commissievoorstellen op 27/5 voor een Recovery Fund en het volgende MFK. Verklaring gaat in op vier thema's: 1. Recovery Fund, 2. Interne markt en mededinging, 3. Digitale en groene transitie, 4. Gezondheidszorg.

1. Voorstel voor een tijdelijk *Recovery Fund* ter grootte van 500 mld. EUR, dat gericht is op de hardst geraakte regio's. Financiering vindt plaats via een zogenoemde *loans for grants*-constructie: Commissie gaat met garanties op de EU-begroting leningen aan op de kapitaalmarkt, om zo lopende uitgaven in de vorm van subsidies te financieren. Fonds dient investeringen in digitale en groene transitie bevorderen en onderzoek en innovatie te versterken. Financiering uit het fonds moet gepaard gaan met nationale en Europese inspanningen gericht op structurele hervormingen.
 - o *Financiering van het Recovery Fund is niet in lijn met NL inzet op loans for grants. Positief dat fonds tijdelijk van aard is.*
 - o *Besteding van het fonds in lijn met NL inzet t.a.v. modernisering van het MFK.*
 - o *Koppeling met structurele hervormingen positieve eerste stap, wel ruimte voor verdere aanscherping richting harde conditionaliteit.*
2. Voorstel om o.a. waardeketens te diversificeren, regels voor staatssteun en mededinging te versoepelen, implementatie van IPCEI's te versnellen, reciprociteit t.a.v. publieke aanbestedingen met derde landen, versterking van EU investment screening van non-EU investeerders in strategische sectoren (gezondheidszorg, farmaceutische industrie, biotech etc.) en interne markt verder te versterken (door o.a. marktintegratie t.a.v. digitaal, energie en kapitaal).
 - o *NL kan diversificatie van waardeketens steunen binnen kader van openheid en vrijhandel. Ook steunt NL oproep om reciprociteit met derde landen te stimuleren, bijvoorbeeld via IPI.*
 - o *Versoepeling van regels voor staatssteun en mededinging zijn niet in lijn met NL inzet om deze regels strikt en politiek onafhankelijk te laten en bredere Europese staatssteun te voorkomen. NL voorkeurslijn op mededingingstoezicht is ervoor zorgen dat het LPFI-voorstel (als alternatief) en het voorstel voor een ex-ante instrument voor digitale platforms worden overgenomen. FRA en DUI pleiten voor inhoudelijke versoepeling van het toezicht op fusies en overnames (concentratietoezicht). Hierdoor zou het eenvoudiger moeten worden om via fusies Europese kampioenen te creëren die beter kunnen concurreren op de wereldmarkt. Nederland is hier geen voorstander van. De creatie van Europese kampioenen zou ten koste gaan van Nederlandse consumenten en mkb-bedrijven, doordat zij hogere prijzen betalen als gevolg van verminderde concurrentie. Ook kan te sterke concentratie van bedrijven leiden tot minder innovatie. De EU kan volgens NL beter de interne markt verdiepen om zelfde schaal te krijgen als VS en China.*
 - o *NL steunt een en snellere en transparantere procedure voor het starten van IPCEI's, wel moet wildgroei voorkomen worden.*
 - o *Het versterken van de interne markt is in lijn met de Nederlandse inzet. Een roadmap met concrete doelen en stappen om hiertoe te komen zouden we steunen als deze concrete acties bevat om belemmeringen op de interne markt aan te pakken.*
3. Voorstel om groene en digitale transitie te versnellen. T.a.v. klimaat o.a. door ophoging 2030-doel, cross-sectorale ETS, introductie van Carbon Border Adjustment Mechanism (CBAM). T.a.v. digitaal o.a. door 5G-uitrol, raamwerk voor AI, modernisering van wetgeving voor digitale platforms.
 - o *NL steunt plannen voor Green en Digital Recovery. Specifiek steun voor ophoging 2030-doel, introductie CBAM conform WTO-regels. Staat kritisch tegenover uitbreiding ETS naar gebouwde omgeving en wegtransport. Het voorstel van sectorale Europese reductiepaden in het ETS kan gesteund worden zolang deze de werking van ETS en ESR niet hindert, en zolang alle lidstaten hun eigen transitie kunnen vormgeven.*
 - o *Positief dat FRA en DUI de digitale transitie centraal zetten in de plannen voor economisch herstel en NL deelt de prioriteiten voor een raamwerk voor AI en modernisering van wetgeving voor digitale platforms.*

4. Voorstel om Europese industrie gerelateerd aan gezondheidszorg strategisch te positioneren. O.a. door specifiek onderzoek en innovatie t.a.v. vaccins te versterken, strategische voorraadvorming te bevorderen, coördinatie van Europese aanbestedingsprocedures t.a.v. vaccins en behandelingen, opzetten *Health Task Force*.

NL kan dit grotendeels steunen, waarbij wel oog moet blijven voor subsidiariteitsbeginsel. Ook stelt NL dat voor lange termijn leveringszekerheid van goederen eerst grondige analyses van individuele waardeketens gemaakt moeten worden.

Non-paper EU support for COVID-19 recovery

The COVID-19 crisis is hitting EU Member States hard, both socially and financially. It is clear that the EU needs a common recovery strategy to overcome this crisis. A temporary Recovery together with a modified MFF can contribute to this end.

The Commission's Spring Forecast shows that all Member States will suffer from a large economic contraction in 2020 with an asymmetric recovery in 2021. A smaller economy and lower GNI means that the relative share of Member States' contribution to the EU budget as part of their total expenditures will increase. At the same time, national budget deficits are rising fast in an effort to stem the crisis. Additional funds for the EU budget, no matter how they are financed, will strain national budgets even further. That is why we need a clear **needs assessment** to be able to target the limited funds that will become available to the Member States, sectors and segments that are most hit; the funds should be directed to activities that can contribute most to the recovery. These can be efforts to support national reforms and can strengthen the internal market, including through investments in growth-enhancing and future oriented areas such as research & innovation, the green recovery and digitalisation. Moreover, an EU response should have clear added value added to national efforts.

In order support recovery from COVID-19 through a modified MFF, we **first of all should look within the MFF** to find savings by **reprioritizing**, for example by cutting margins and special instruments and adjusting the deflator. Secondly, **frontloading** of COVID-19-related expenditure in the first two years of the new MFF can help to kick start the economy and speed up recovery. For instance by temporarily and partially extending the current flexibilisation of Cohesion policy as part of the CRII. In the modified MFF corrections for net payers remain structurally important to enable fair burden sharing.

Additional funds that are needed can be provided through a Recovery Fund along the following lines:

- **Firms (private investment):** In case of solvency issues in firms, support should be done via **InvestEU/EIB**. Substantial capital support should go hand in hand with a **bail-in from stakeholders** (i.e. no dividends, bonuses, cut in wages of board members, etc.). The EIB could support firms through **grants in exchange for equity capital or highly subordinated debt**, to share in the upside. This should be on the same terms as national state aid to avoid a preference for InvestEU that might crowd-out companies that need it mostly. No loss financing is to be considered.
- **Sovereigns (public investment):** as this crisis hits all member states, access to additional financing should be available on a voluntary basis to all Member States that are committed to undertaking **structural reforms that promote growth potential and economic resilience and enhance the ability of Member States to pay back their (increased) debt**. The BICC that combines reforms and investments can serve as inspiration for the recovery fund, but with modifications commensurate to the growth challenges ahead. Access to investments would require strict commitment to reforms and should be targeted to the Country Specific Recommendations to achieve full compliance; the more ambitious the reform plans and the more it contributes to growth potential the more funds are allocated. Actual release of funds is to take place in tranches dependent on implementation of reforms. Member States commit to keep the reforms in place in the coming 5 years or otherwise pay back the funds received as originally proposed. Investments, which become available after the enactment of the reform, are based on the needs assessment and come mainly as loans, with possible grants after completion of the reform. Adherence to Rule of Law and combating fraud with EU funds is a basic premise of using the funds. To protect the funds of the Recovery Instrument from fraud, strong involvement of OLAF, EPPO and ECA is warranted.

Based on a needs assessment these additional investments could take the following form:

1. **Temporary top-ups of existing MFF programmes** can be discussed. These programmes already support a wide range of activities, covering most of the needs following from COVID-19, such as Health, BICC and InvestEU. These top-ups should be limited in time to 2021 and 2022 to maximize their effect on kickstarting the economy.

condition -
necessity

Financing can be done through temporary additional contributions. To make the system as transparent, fair and simple as possible these contributions could be based on GNI. No rebates are needed for these top-ups as a further form of solidarity.

2. **Possibility for loans (i.e. not grants) temporarily (two years) and only in response to COVID-19** can be discussed. Requirements and principles could be laid down in the Own Resources Decision. Unused headroom would fall free after the two-year period.



In parallel to these extra investments, we need to restore, strengthen and deepen the internal market in the areas of digital goods and the capital markets. This package should include a joint action agenda to be adopted before 2021 which contains effective and controllable commitments of Member States to remove impediments within the markets for services and goods, identified in the Commission report on barriers. The Single Market task force should be centralised in the European Commission and should monitor these commitments.

Some Member States argue in favour of using 'loans for grants' to fund additional spending through the EU budget. Loans for grants are not in line with the principles in the Treaty and Financial Regulation that the EU budget shall be in balance, the Union may not raise loans within the framework of the budget and that the MFF should be wholly financed by own resources. Loans for grants also mean that the repayment obligation does not fall on the receiving party, but on the collectivity of the EU. Besides fundamental complications that may arise in designing such a system, it is not clear whether this type of intervention is needed as for the ESM Pandemic Crisis Support Facility the Commission has recently concluded that all Member States have a sustainable debt. Therefore, all Member States are able to take on a higher Debt/GDP ratio. In line with the ESM Treaty and international practice, if Member States were to face debt sustainability issues, they would need to restructure to receive EU support. The Recovery Fund cannot replace the ESM and its existing preconditions.

conditionnalité

Hymn sheet: MFF & COVID-19 Recovery

[Economic rationale for recovery support]

- The COVID-19 crisis is hitting EU Member States hard, both socially and economically. It is clear that the EU needs a common recovery strategy to overcome this unprecedented crisis and to restore economic growth in all EU Member States. Only together are we able to come out stronger.

[We should tackle growing divergences as a result of the current crisis]

- The recovery package should be based on a proper needs assessment.
- A joint effort is crucial to address divergence in economic outlook between MS as it could endanger the EU's common objectives. The level playing field on the Single market should be restored.

[A commitment to reform is crucial for sustained recovery]

- Recovery support should ensure that all Member States are better prepared for the next crisis.
- We are willing to pay a fair share for recovery, provided there is a strong commitment by all MS to concrete structural reforms. This is essential to lift potential growth.
- We should use a substantially strengthened version of the BICC methodology for the EU recovery instrument. Access to investments would require a clear commitment to reforms as identified in the European Semester. Support should be made conditional on the implementation of the Country Specific Recommendations. Funding for investments should be made available in tranches depending on progress made.

[Recovery support should be temporary and focused on growth]

- The recovery package should be timely and temporary. Together with a modified MFF it should support economic convergence, enhance resilience and foster long-term growth and competitiveness.
- It should stimulate a green and digital recovery and focus on research and innovation. Integration of the Green Deal ambitions into recovery support is imperative to achieve a climate neutral, resilient and resource efficient economy in 2050.

[The Single Market should be restored and deepened]

- As part of the recovery effort, we need to restore and deepen the Single Market by setting a joint action agenda before 2021 to tackle the barriers and challenges identified in the Commission report on barriers (March package). We call for the establishment of a powerful Single Market Enforcement Taskforce centralized in the Commission with a strong mandate to identify and address barriers that arise due to improper application or enforcement. Intra-EU export restrictions that endanger the availability of critical goods and services should be banned.
- Relaxation of the current merger control Regulation must be avoided, the independence of competition rulings must be safeguarded, and there should be strong commitment in Council conclusions that a common innovation and industry policy is the way forward for strengthening the Internal Market and the Union's global competitiveness.
- Completion of Capital Markets Union is key for Single Market, cross-border capital flows, access to capital markets by (SME) businesses, and retail participation need to be better facilitated. Concrete steps need to be taken on the basis of upcoming CMU roadmap.

[The MFF should be modernized and financially sustainable]

- We should acknowledge the unprecedented support that has already been delivered (ECB, ESM, EIB, SURE and current EU budget).
- The upcoming MFF should be efficient. Crisis shows need for modernized budget. No need for a permanent increase of the MFF, which would add to all MS' budgetary burdens.
- The MFF proposal of 21 February 2020 must be the baseline. Still room in this proposal for adjustments and reprioritization. Existing programmes and flexibility should be redirected to activities that can contribute most to kick-starting the recovery.
- We will have to agree on the MFF and the recovery fund as a package. Maintaining the current permanent rebates as discussed in February is an essential part of the deal.

[Steps towards mutualisation of debt must be avoided]

- We have great concerns with issuing debt to finance the EU budget ("loans for grants"). It is not in line with budgetary principles in the EU Treaty (EU-budget must be in balance, no debt-financing) and sets an undesirable step towards debt-mutualization. It will create substantial repayment obligations for all MS in the coming years and decades. Also, ESM has recently concluded that all Member States have a sustainable debt. In line with the ESM Treaty and international practices, if Member States were to face debt sustainability issues, they would need to restructure to receive EU support.
- We remain reluctant towards new own resources as they make financing of the budget less transparent, more complex, and risk increasing the tax burden on our citizens and companies.

Sober MFF + rebate

green loans to grants

kanalen
geen consumenten

in the market

Kapitaalunie

Baldygh
M
modern
rising

DuFr - vorder

3
1, 2

Frugal Four non-paper

Non-paper EU support for efficient and sustainable COVID-19 recovery

The COVID-19 crisis is affecting all EU Member States hard. Socially and financially. It is in the interest of all to restore growth to Member States' economies as soon as possible. This calls for European solidarity and a common recovery strategy.

We therefore suggest setting up a temporary, one-off Emergency Fund to support the economic recovery and the resilience of our health sectors to possible future waves. This would come on top of a modernized MFF and as a supplement to the package of 540 billion euros already agreed on by the European Council and other far-reaching and unprecedented initiatives at EU as well as national level. What we cannot agree to, however, are any instruments or measures leading to debt mutualisation nor significant increases in the EU-budget.

The Commission's Spring Forecast shows that all Member States will suffer from an unprecedented economic contraction in 2020, with only a partial recovery in 2021. This means that Member States will have to devote a larger part of their national resources to the EU budget at a time when national public finances are already under severe pressure. Additional funds for the EU, regardless of how they are financed, will strain national budgets even further.

Funds should thus be directed towards activities that contribute most to the recovery from the COVID-19 crisis and to future resilience. These should be efforts to support national reforms and that strengthen the Single Market. Moreover, an EU response should have clear added value to national efforts.

Under these circumstances, efforts to support efficient and sustainable recovery should be based on:

- A **modernized EU budget** as a point of departure.
- Financial scope for COVID-19-related expenditure can be provided through savings in the MFF by **reprioritizing** in areas that are less likely to contribute to the recovery.
- **Frontloading** / temporarily topping up COVID-19-related expenditure to help kick start the economy and speed up recovery.
- Aiming for a strong, **financially sound and sustainable budget**, with an **overall level** and composition of expenditure proportionate to our strategic priorities.
- **Our position on the MFF is unchanged.** We continue to request that national contributions are limited, and we recall that the rationale behind corrections remains valid.

On top of a modernized MFF, we propose to create an **Emergency Recovery Fund** based on a 'loans for loans' approach, which is in line with fundamental principles for the EU budget and designed along the following lines:

- A thorough **needs assessment** that targets sectors and segments that are most hit.

— what does we are involved
mean. we are worried?

10.2.e

Dere notitie is naar woordkeerderes gegaan
We bespreken het met je voor maandag.

10.2.e is fysiek aanmerking.

Graet,

10.2.e

and conditional to participation

- Recovery support should ensure that all Member States are better prepared for the next crisis. A strong commitment to reforms and the fiscal framework is essential to promote potential growth.
- Directed towards activities that contribute most to the recovery such as **research and innovation, enhanced resilience in the health sector** and ensuring a green transition that underpins the EU's ambitious **climate, growth and digital** agendas.
- Temporary, one-off nature with an explicit **sunset clause after 2 years**.
- Not leading to any mutualisation of debt.
- Lending on favourable terms to the benefit of the Member State in need, while limiting the risk to all Member States and providing sound incentives.
- Adherence to **Rule of Law and Fundamental Rights** and **protect spending from fraud** with a strong involvement of the European Court of Auditors, OLAF and EPPO.
- As part of the recovery effort, we need to **restore and deepen the Single Market** by having a common innovation and industrial policy, setting a joint action agenda before 2021 and by completing the Capital Markets Union.

Our objective is to provide temporary, dedicated funding through the MFF and to offer favourable loans to those who have been most severely affected by the crisis.

Individuele bijdragen
mededinging overheid

leningen $\leftrightarrow$ groei

gants $\leftrightarrow$ budget-
beperking