VNO NCW

Spring 2020 Reform Barometer – The Netherlands

European Semester - Overall assessment of 2019 cycle

	To what extent do you agree with these statements:		**Detailed comments**
1.	The National Reform Programme submitted by your Government (April 2019) is appropriate.	To a large extent	More attention for and structural investment in education and research and innovation is positive. However, some announced reforms have not yet been implemented, such as the reduction corporate tax for business.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Supporting growth should take precedence over budgetary targets; lifelong learning should become a cornerstone of labour market and education reform; use fiscal tools to boost disposable household income and private (especially R&D) investments
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To some extent	The high current account surplus is a structural characteristic of the open Dutch economy, which focusses on export and transit of goods through our main ports. Consequently, this cannot be considered an exessive imbalance, but rather a strength of the economy.

Assessment of Country Specific recommendations 2019 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **1a**	Reduce the debt bias for households and the distortions in the housing market, including by supporting the development of the private rental sector.	Important	Unsatisfactory	In order to improve the labour mobility, people should be able to move fasten by finding housing. Therefore, current frictions in the housing markets should be addressed.
CSR **1b**	Ensure that the second pillar of the pension system is more transparent, inter-generationally fairer and more resilient to shocks.	Extremely important	Satisfactory	The transition to the new pension system must be shaped in an adequate way. Particularly, the issues remaining in the second pillar of the system should be addressed, through an tripartite approach.
CSR **1c**	Implement policies to increase household disposable income, including by strengthening the conditions that support wage growth, while respecting the role of social partners.	Contrary to federation advice	Mixed	
CSR **1d**	Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments, in particular by implementing the announced measures.	Helpful (but not a priority)	Satisfactory	The planned introduction of interest and royalty withholding tax should prevent the Netherlands being used as conduit country for interest and royalty flows.
CSR **2a**	Reduce the incentives for the self-employed without employees, while promoting adequate social protection for the self-employed, and tackle bogus self-employment.	Contrary to federation advice	Unsatisfactory	
CSR **2b**	Strengthen comprehensive lifelong learning and upgrade skills in particular of those at the margins of the labour market and the inactive.	Important	Mixed	The foundation for further initiatives has been put forward over the last years. It is important that this work is further developed, also by the next government.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **3**	While respecting the medium-term budgetary objective, use fiscal and structural policies to support an upward trend in investment. Focus investment-related economic policy on research and development in particular in the private sector, on renewable energy, energy efficiency and greenhouse gas emissions reduction strategies and on addressing transport bottlenecks.	Important	Satisfactory	A national Climate Agreement was presented by the government in June 2019, in which measures are proposed for investment in low-carbon solutions and financing the energy transition. A new growth fund and the finalisation of InvestNL should help facilitate climate, energy, and transport related investment.

Reform Progress in your Member State in 2019

How would you assess reform progress in 2019, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Satisfactory
Labour market	Mixed
Innovation and skills	Excellent
Access to finance and Financial stability	Satisfactory

Reform priorities for 2020

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	R&D and Innovation	Stimulate R&D PPS, especially on key technologies like AI and biotechnology	Yes
Priority 2	Pension and health care reforms	Finalize pension reform debate between government, employers and unions. Specifically, an agreement on the newly agreed pension contracts, including an appropriate financial framework (budget neutral).	Yes
Priority 3	Public investment	Execute a public investment fund to address areas of market failure, especially in areas of important transitions like climate change - including promoting "government as launching customer"	Yes
Priority 4	Making work-pay: interplay of tax and benefit system	Increase fiscal incentives for wage growth by lowering marginal tax rate and premiums	No
Priority 5	Active labour market policies	Increase lifelong learning and modular education initiatives to increase adaptability of the workforce	Yes