



This policy paper is part of a series of six on the priorities of the Netherlands for the EU for 2019-2024

# An open, strong and sustainable European economy that offers protection

**Through strong cooperation between EU countries and a policy of open markets, the EU has become one of the most prosperous, most competitive and successful economies in the world. In the face of several fundamental transitions and changing global dynamics it is important to keep an open economic outlook and make use of the EU's strengths to take on these challenges.**

For this we need:

- **an enhanced and future-proof internal market**, in which firms compete on an equal basis and in which the ambitions and needs of citizens are at the centre.
- **a sustainable economy that is both innovative, competitive and that offers protection.**
- To lead in the demographic, energy, circular and digital transitions and continue on preparing Europe for the future of work in order to realize a sustainable European labour market. This should be supported by investments in research, development and education.
- As a basis for all the above we need **a strong and stable economy with solid macro-economic foundations** to stay competitive in a changing world.

The Netherlands calls for a renewed European Agenda that includes the following elements and initiatives to deliver on an open, strong and sustainable European economy that offers protection.

## **An integrated, coherent and forward-looking approach to policy-making**

- It is essential that the EU adopts an integrated, coherent and forward-looking approach to policy-making. This approach should be based on facts, new types of data, thorough analyses and meeting the needs and ambitions of businesses and citizens.
- The Netherlands calls for an ambitious continuation of the **Better Regulation policy**.
- The Netherlands supports the enhanced role of the vice-presidents and the project teams, which enhances synergies between different policy areas.
- In a new Commission coherent policy-making should be strengthened.

## **An enhanced and future-proof Single Market**

- A new approach is needed for an enhanced and future-proof **Single Market**. The Commission, Member States and the European Parliament need to put businesses and citizens in the centre of policy-making and ensure transparency of actions, resulting in Single Market policies based on **facts and needs**. Therefore the Netherlands proposes to:
  1. Prioritise **implementation and enforcement of existing Single Market legislation**;
  2. Propose **tailor-made solutions** to address remaining barriers and prevent new ones;
- Maintaining an **open and competitive economic environment** is essential for the EU. International trade, access to global value chains and competition have a positive impact on the

innovative capabilities of the Union, and the benefits of access to world markets should be cherished. Nevertheless, keeping in mind the changing global context, the EU should explore whether it is necessary to review the appropriate EU and international rules and regulations.

- The Netherlands suggests exploring whether the **competition rules** are still fit for purpose for the digital age and with regard to sustainability challenges.
- The issue of **non-compliant products that are directly imported through e-commerce** from third countries by European end-users also needs to be addressed. In some specific areas, procurement rules need to be re-evaluated.
- As concerns **trade**, the objective should be to maintain and strengthen the multilateral trade and investment system; to create a level playing field and gain further market access to global markets while safeguarding EU's strategic economic interests.
- In the domain of **civil, commercial and copyright law**, instead of regulating new areas of civil, commercial and copyright law through maximum and detailed harmonization, existing instruments should be reviewed and improved. Where new instruments are necessary, these should be principle based and the result of benchmarking.
- Appropriate attention for **national security** at EU level is needed when it comes to foreign investments.

### **A sustainable economy that is innovative and competitive**

- We encourage the Commission **to continue to bring together relevant industries and other stakeholders, including government, in public private partnerships** and developing long-term European action plans, that aim to safeguard the future competitiveness of Europe's most strategic value chains.
- On research and innovation the Netherlands supports a strong **Framework Programme for Research and Innovation**, based on excellence and impact prepared to start by early 2021, with open science as a leading principle.
- Under a new European Commission the Netherlands would like to see a digital policy that comprehensively addresses the challenges and opportunities presented by digitalization and a **more coherent approach** to these issues in order to find an effective response, e.g. by maintaining a Vice-President for digital policy.
- The European Commission should take forward the work on **Artificial Intelligence, block chain technology, cybersecurity, data sharing and e-government**. The European Commission and Member States should speed up the work on a human centric AI made in Europe: progress on and adoption of the AI ethical framework is needed, including transparency of algorithms, explainability, responsibility and protection of privacy to leverage trust in AI.
- The Netherlands requests the Commission to stimulate learning mobility by students in VET and higher education throughout Europe.

- The EU needs to make a maximum effort to enhance and accelerate the transition towards a climate neutral and **circular economy**. The EU needs to build a robust and coherent framework for **EU circular product policy**, including a new integrated product policy framework accompanied by legislative initiatives and concrete actions that integrate circularity in existing instruments and initiatives.
- The urgency of the climate problem, increasing world population, depletion of planetary resources, necessitate a substantial shift in the balance between economic, social and ecological goals towards **circular agriculture**. In order to realize a shift to a more sustainable and social policy, **the Common Agricultural Policy (CAP)** should focus less on income support and more on innovation, sustainability, food security and food safety.
- On **fisheries policy**, the EU should pursue a workable implementation of the landing obligation and should continue to pursue sustainable fishery in the EU and strengthen the competitiveness in the sector. Furthermore, the EU should aim for a new Common Fisheries Policy (CFP) that is aimed at an innovative, competitive, ecological and economic sustainable fisheries sector, taking into account the principles of a circular economy and an eco-systems approach.
- The EU should support the transition to nutrient cycles in **animal feed** at as low a level as possible and further improve the utilization of nutrients in animal manure.

### **An economy that offers protection**

- Globalisation, digitalization, geopolitical transformation and the consequences of an aging population have a significant impact on the future outlook of work. It is necessary to proactively manage these transitions and deal with new forms of work, such as platform work.
- The EU should consider follow-up measures to continue to **address unfair competition and protect workers**.
- **Socioeconomic convergence** among Member States is instrumental for the functioning of the EU and EMU and has to be encouraged, by improving the socioeconomic performance of Member States and the simplification and strengthening of the monitoring and benchmarking of socioeconomic challenges in the Member States.
- Modernization of the EU legislation on the coordination of social security policy can further contribute to a **level playing field** among Member States. The EU should continue improving the protection of workers from **carcinogens at work**.
- To help businesses and governments accelerate sustainable employment, it is vital to disseminate ways to effectively encourage **lifelong learning and skills development**.
- The Netherlands considers that the EU legal framework on **medicinal products** should be adapted where necessary to make it fit for purpose for new developments and the incorporation of new technologies whilst ensuring the sustainability of EU health systems and improved health outcomes for patients.

## A strong and stable economy with solid macro-economic foundations

- Solid macro-economic foundations are essential for the well-function of the European economy.
- The EU needs to strengthen the **European Semester**.
- Effective fiscal rules are key to ensure macro-economic stability and growth within the Eurozone, especially in absence of a credible no-bail-out clause.
- The **Stability and Growth Pact** must become more effective by making enforcement more strict, predictable and automatic and making the rules less flexible, contradictory and lenient. We will explore together with the Commission and other Member States how best to achieve this goal.
- **Tax certainty** is a key component of an attractive investment climate and a robust tax income.
- The Netherlands also remains committed to ambitious progress on the **Capital Markets Union**.
- On **money laundering** we will reflect on further improvements to European supervision on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). We also support to look into the possibilities of exchanging information between public and private parties and to achieve closer cooperation between Member States in the area of knowledge sharing on AML/CFT.
- **Reforming the Regulatory Treatment of Sovereign Exposures** is a precondition for risk-sharing in a European Deposit Scheme. To further strengthen banking resilience, the Netherlands will also seek the introduction of an **add-on on the leverage ratio** also for nationally systemically relevant banks (O-SIIs).