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Recommendation for a

COUNCIL RECOMMENDATION

endorsing the national medium-term fiscal-structural plan of the Netherlands

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121 thereof,

Having regard to Regulation (EU) 2024/1263, and in particular Article 17 thereof,

Having regard to the recommendation from the Commission,

Whereas:

GENERAL CONSIDERATIONS

(1) The EU's economic governance framework[1] aims at promoting sound and sustainable public finances and sustainable and inclusive growth and resilience through reforms and investments and preventing excessive government deficits. It also promotes national ownership and has a greater medium-term focus, combined with more effective and coherent enforcement of the rules.

(2) The national medium-term fiscal-structural plans that Member States submit to the Council and to the Commission are at the centre of the new economic governance framework. The plans are to deliver on two objectives: i) ensuring that, inter alia, by the end of the adjustment period, general government debt is on a plausibly downward trajectory, or stays at prudent levels, and that the government deficit is brought and maintained below the reference value of 3% of GDP over the medium term, and ii) ensuring the delivery of reforms and investments responding to the main challenges identified in the context of the European Semester and addressing the common priorities of the EU. To that end, each plan is to present a medium-term commitment to maximum growth rates of net expenditure[2], which effectively establishes a budgetary constraint for the duration of the plan, covering four or five years (depending on the regular term of legislature in a Member State). In addition, the plan is to explain how the Member State will ensure the delivery of reforms and

[1] Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj), together with Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 209, 2.8.1997, ELI: http://data.europa.eu/eli/reg/1997/1467/2024-04-30), and Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L, 306, 23.11.2011, ELI: http://data.europa.eu/eli/dir/2011/85/2024-04-30).

[2] Net expenditure as defined in Article 2 of Regulation (EU) 2024/1263, namely government expenditure net of (i) interest expenditure, (ii) discretionary revenue measures, (iii) expenditure on Union programmes fully matched by revenue from Union funds, (iv) national expenditure on co-financing of programmes funded by the Union, (v) cyclical elements of unemployment benefit expenditure and (vi) one-offs and other temporary measures.

investments responding to the main challenges identified in the context of the European Semester, in particular in the country-specific recommendations (including those pertaining to the macroeconomic imbalances procedure (MIP)), and how the Member State intends addressing the common priorities of the Union. The period for fiscal adjustment covers four years, which may be extended by up to three years if the Member State commits to delivering a set of relevant reforms and investments that satisfies the criteria set out in Regulation (EU) 2024/1263.

(3) Following the submission of the plan, the Commission is to assess whether it complies with the requirements of Regulation (EU) 2024/1263.

(4) Upon a recommendation from the Commission, the Council is to then adopt a recommendation to set the maximum growth rates of net expenditure over the medium term of the Member State concerned and, where applicable, to endorse the set of reform and investment commitments underpinning an extension of the fiscal adjustment period.

RELATED PROCESSES, INCLUDING THE PREVIOUSLY RECOMMENDED NET EXPENDITURE PATH

(5) On 21 January 2025 the Council adopted a recommendation setting the net expenditure path of the Netherlands[3]. To assess compliance in 2025, the maximum net expenditure growth rate established by the Council Recommendation of 21 January 2025 remains relevant.

(6) On 3 June 2026, as part of the Spring 2026 European Semester package, the Commission published its most recent assessment of the Netherlands' compliance with the maximum growth rates of net expenditure. Based on the Commission's calculations, the net expenditure growth rate of the Netherlands in 2025 was above the maximum growth rate recommended by the Council in January 2025, corresponding to a deviation of 1.5 % of GDP in annual terms. Considering 2024 and 2025 together, the cumulative growth rate of net expenditure was also above the recommended maximum cumulative growth rate, corresponding to a deviation of 1.0 % of GDP.

(7) On 8 July 2025, the Council addressed to the Netherlands a series of country-specific recommendations (CSRs) in the context of the European Semester[4].

(8) On 3 June 2026, as part of the Spring 2026 European Semester package, and under Regulation (EU) No 1176/2011, the Commission concluded that the Netherlands is no longer experiencing imbalances. In particular, vulnerabilities related to high levels of

[3] Council Recommendation of 21 January 2025 setting the net expenditure path of the Netherlands, OJ C/2025/648, 10.2.2025.

[4] Council Recommendation on the economic, social, employment, structural and budgetary policies of the Netherlands, OJ C/2025/3993, 20.8.2025, pg. 9.

household debt, the housing market, and the large current account surplus have been present over the years but have lessened recently. [5].

CONSIDERATIONS CONCERNING THE NATIONAL MEDIUM-TERM FISCAL-STRUCTURAL PLAN OF THE NETHERLANDS

(9) According to Article 15(2) of Regulation 2024/1263, in the case of a newly appointed government, a Member State may submit a revised medium-term fiscal-structural plan. Following general elections in October 2025, a new government was established on 23 February 2026. On 14 April 2026, the Netherlands submitted a revised national medium-term fiscal-structural plan (henceforth 'the plan' or 'the plan of April 2026') to the Council and to the Commission. The plan covers a horizon of five years (2026-2030) instead of the usual four years in view of the government formation having taken place exceptionally in February 2026. As a result, the current government will be responsible for the preparation of five budgets instead of four.

Process prior to the submission of the plan of April 2026

(10) Prior to the submission of its plan, the Netherlands requested technical information[6]. The Commission provided technical information , on 26 February 2026, pursuant to Article 15(4) of Regulation (EU) 2024/1263,and published it on 21 April 2026[7]. The technical information indicates the level of the structural primary balance in 2029 that is necessary to ensure that the general government deficit is maintained below 3% of GDP over the medium term and that the general government debt remains below 60% of GDP over the medium term, in the absence of further budgetary measures beyond the 4-year adjustment period. The medium term is defined as the ten-year period after the end of the adjustment period. The technical information was prepared and transmitted to the Member State under two scenarios: a scenario including consistency

[5] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank', COM (2026)200 final.

[6] Prior guidance transmitted to the Member States and Economic and Financial Committee includes technical information i) without and with an extension of the adjustment period (covering 4 and 7 years, respectively), and ii) with and without the deficit resilience safeguard. It also includes the main initial conditions and underlying assumptions used in the Commission's medium-term government debt projection framework. The technical information was calculated on the basis of the methodology described in the Commission's *Debt Sustainability Monitor 2023* (https://economy-finance.ec.europa.eu/publications/debt-sustainability-monitor-2023_en), and its subsequent refinements agreed at the DSA Working Group. It is based on the European Commission Autumn 2025 Forecast and its medium-term extension up to 2035, and long-term GDP growth and ageing costs are in line with the joint Commission-Council *2024 Ageing Report* (https://economy-finance.ec.europa.eu/publications/2024-ageing-report-economic-and-budgetary-projections-eu-member-states-2022-2070_en).

[7] https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/netherlands/fiscal-surveillance-netherlands_en#medium-term-fiscal-structural-plans

with the deficit resilience safeguard[8], in line with Article 9(3) of Regulation (EU) 2024/1263, and a scenario without this safeguard.

(11) The technical information for the Netherlands sets out that, in order to comply with the applicable fiscal rules over an adjustment period of four years, and based on the Commission's assumptions, the structural primary balance should amount to at least 0.1% of GDP at the end of the adjustment period (2029; scenario without the deficit resilience safeguard), as per Table 1. For information, considering also the deficit resilience safeguard, the structural primary balance should be the same, amounting to at least 0.1% of GDP at the end of the adjustment period (2029). However, the deficit resilience safeguard, which applies to reference trajectories, is not a requirement for the Netherlands, which is eligible for only receiving technical information.

Table 1: Technical information provided by the Commission to the Netherlands

Final year of the adjustment period	2029
Minimum value of the structural primary balance (% of GDP), scenario without the deficit resilience safeguard	0.1%
For information only: Minimum value of the structural primary balance (% of GDP), scenario with the deficit resilience safeguard	0.1%

Source: Commission's calculations.

(12) In line with Article 12 of Regulation (EU) 2024/1263, the Netherlands and the Commission engaged in a technical dialogue in March 2026. The technical dialogue centred on the maximum growth rates of net expenditure envisaged by the Netherlands and their underlying assumptions, in particular concerning the GDP deflator, as well as on the envisaged delivery of reforms and investments responding to the main challenges identified in the context of the European Semester and the common priorities of the Union of a fair green and digital transition, social and economic resilience, energy security and the build-up of defence capabilities.

(13) In April 2026, in line with Article 11(3) of Regulation (EU) 2024/1263, according to the information provided by the Netherlands in its plan, the authorities engaged in a consultation process with social partners and the Advisory Division of the Council of State, which is one of the Dutch independent fiscal institutions charged with monitoring compliance with budgetary rules.

[8] The deficit resilience safeguard established in Article 8 of Regulation (EU) 2024/1263 establishes that the annual improvement in the structural primary balance is of 0.4 percentage points (or 0.25 percentage points in case of an extension of the adjustment period) until the structural deficit is lower than 1.5% of GDP.

(14) The Advisory Division of the Council of State (CoS) delivered an opinion on the macroeconomic forecast and the macroeconomic assumptions underpinning the net expenditure path in the plan. The CoS did not take a view on the overall plausibility of these forecasts and assumptions but noted that they differ from those of the Netherlands Bureau for Economic Policy Analysis (CPB), which are to underpin estimates of the government balance and debt according to the national budgetary framework. The CoS further noted that, according to the CPB's medium-term projections until 2039, the reference values for the government deficit and debt ratios would be exceeded by a small margin (deficit at 3.1% of GDP from 2034 and debt at 62% of GDP in 2039), whereas this would not be the case according to the projections in the medium-term plan. The CoS indicated that the main reason by far for this difference relates to the fact that the CPB projections include an estimate of the impact of the announced policies in the coming years (including their impact after 2029 and until 2034), whereas the Commission, in the assessment of the medium-term plans, uses a no-policy change assumption after the adjustment period.

(15) The plan was submitted to the national parliament on 13 April 2026.

SUMMARY OF THE PLAN AND THE COMMISSION'S ASSESSMENT OF THEREOF

(16) In line with Article 16 of Regulation (EU) 2024/1263, the Commission assessed the plan of April 2026 as follows:

Context: macroeconomic and fiscal situation and outlook

(17) Real GDP in the Netherlands grew by 1.8% in 2025 due to solid domestic demand and despite global uncertainties affecting trade. According to the European Commission Spring 2026 Forecast, the economy is expected to grow by 1.0% in 2026, as elevated global uncertainties, exacerbated by the conflict in the Middle East, are dampening consumption, investment and trade. In 2027, real GDP is projected to increase by 1.1%, as the economy deals with the lingering effects of the conflict in the Middle East. The contribution of household consumption and investment is foreseen to be limited, while imports are forecast to outgrow exports, resulting in a negative net trade contribution to growth. Over the forecast horizon (i.e., 2026-2027), potential GDP growth in the Netherlands is expected to continue its downward trend from 2.0% in 2023 to 1.3% by 2027, driven primarily by lower growth of the working age population as well as a decreasing investment ratio.]. The unemployment rate stood at 3.9% in 2025 and is projected by the Commission to amount to 4.2% in 2026 and 4.4% in 2027. Inflation (GDP deflator) is projected to decrease from 3.3% in 2025 to 3.2% in 2026, and to reach 2.5% in 2027.

(18) Regarding fiscal developments, the general government deficit amounted to 1.6% of GDP in 2025. According to the European Commission Spring 2026 Forecast, it is projected to reach 2.5% of GDP in 2026 and to decline to 1.9% of GDP in 2027. The

European Commission Spring 2026 Forecast takes into account the Netherlands's draft budget for 2026. The general government debt was 44.4% of GDP at the end of 2025. According to the European Commission Spring 2026 Forecast, the debt ratio is expected to increase to 46.9% of GDP at the end of 2026. It is projected to broadly stabilise at 47.0% of GDP at end-2027. The fiscal forecasts by the Commission do not consider the policy commitments in the medium-term fiscal-structural plans as such until they are underpinned by credibly announced and sufficiently specified concrete policy measures.

Maximum growth rates of net expenditure and main macroeconomic assumptions in the plan of April 2026

(19) The plan covers the period 2026-2030 and presents a fiscal adjustment over four years.

(20) The plan contains all information required by Article 13 of Regulation (EU) 2024/1263.

(21) The plan commits to the maximum growth rates of net expenditure indicated in Table 2 hereunder, corresponding to average annual net expenditure growth of 3.7%, both over the adjustment period (2026-2029) and over the period covered by the plan (2026-2030). The technical information (assuming a linear adjustment path) is consistent with average net expenditure growth of 3.3%, both over the adjustment period (2026-2029) and over the years 2026-2030.

Table 2: Maximum net expenditure growth and main assumptions in the Netherlands' plan

	2026	2027	2028	2029	2030	Average over the period of validity of the plan 2026-2030	Average over the adjustment period 2026 – 2029
Net expenditure growth (annual, %)	4.7	3.5	3.1	3.5	3.7	3.7	3.7
Net expenditure growth (cumulative, from base year 2025, %)	4.7	8.4	11.7	15.6	19.9	n.a.	n.a.
Potential GDP growth (%)	1.4	1.3	1.2	1.1	1.1	1.2.	1.2
Inflation (GDP deflator growth) (%)	3.3	2.5	2.4	2.4	2.4	2.6	2.6

Source: Medium-term fiscal-structural plan of The Netherlands (April 2026) and

Commission calculations.

(22) The net expenditure path committed to in the plan is reported to lead to a structural primary balance of 0.0% of GDP at the end of the adjustment period (2029). This is lower than the minimum level of the structural primary balance of 0.1% of GDP in 2029 provided by the Commission in the technical information on 26 February 2026[9]. The plan assumes potential GDP growth to decrease to 1.4% in 2026 (from 1.7% in 2025) and decreasing further to 1.1% in 2030. In addition, the plan expects the growth rate of the GDP deflator to decrease to 2.5% in 2027 (from 3.2% in 2025) and further decrease to 2.4% in 2030.

Implications of the plan's net expenditure commitments for the general government balance

(23) Based on the plan's maximum growth rates of net expenditure and assumptions, the general government deficit would first increase in 2026 to 2.4% of GDP and progressively decrease to 1.2% of GDP at the end of the adjustment period. Thus, according to the plan, the general government balance would not exceed the 3% of GDP reference value at the end of the adjustment period (2029). In addition, in the ten years following the adjustment period (i.e. until 2039), the government deficit would not exceed 3% of GDP.

Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is compatible with the requirement for the deficit as set out in 16(2) of Regulation (EU) 2024/1263.

Implications of the plan's net expenditure commitments for general government debt

(24) If the maximum growth rates of net expenditure committed to in the plan and the underlying assumptions materialise, general government debt would, according to the plan, gradually decrease from 46.8% in 2026 to 45.6% of GDP at the end of the adjustment period (2029), as per Table 3. In the ten years following the adjustment period, general government debt is expected to remain on a downward path until 2032 to then gradually increase to 51.2% of GDP in 2039. Thus, according to the plan, general government debt would stay below the Treaty reference value of 60% of GDP over the medium term.

Therefore, based on the plan's policy commitments and macroeconomic assumptions, the maximum growth rates of net expenditure put forward in the plan are consistent with the requirement for debt as set out in Article 16(2) of Regulation (EU) 2024/1263.

Table 3: General government debt and balance developments in the Netherlands' plan

	2026	2027	2028	2029	2030	2039
Government debt	46.8	46.5	46.1	45.6	45.2	51.2

[9] https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/netherlands/fiscal-surveillance-netherlands_en#medium-term-fiscal-structural-plans

(% of GDP)						
Government balance (% of GDP)	-2.4	-1.5	-1.3	-1.2	-1.2	-3.0

Source: Medium-term fiscal-structural plan of the Netherlands (April 2026)

Macroeconomic assumptions of the plan

(25) The plan is based on a set of assumptions which differs from the Commission's assumptions, which were transmitted to the Netherlands on 26 February 2026. In particular, the plan uses different assumptions for the starting point of structural primary balance and GDP deflator growth. Government debt and GDP growth for 2025 have been updated according to outturn data by Statistics Netherlands.

A careful assessment of these differences in assumptions is necessary, especially as the average maximum net expenditure growth in the plan is higher than what was implied by the technical information.

The differences in assumptions with the most significant impact on average maximum net expenditure growth are listed and assessed below.

- The plan assumes the starting point of the structural primary balance to stand at -0.4% of GDP, instead of the -0.6% of GDP assumed by the Commission technical information, which was based on the Commission Autumn 2025 forecast. This contributes to a higher average maximum net expenditure growth over the adjustment period in the plan than according to the Commission's assumptions. The structural primary balance value in the plan is based on the latest forecast by the Netherlands Bureau for Economic Policy Analysis (CPB) in March 2026 and is consistent with outturn data on the deficit. Consequently, this assumption is deemed to be duly justified.
- The plan assumes the GDP deflator to stand at 2.5% in 2027, instead of 2.1% assumed by the Commission technical information. This contributes to a higher average maximum net expenditure growth over the adjustment period in the plan than according to the Commission's assumptions. The higher deflator forecast is explained by the economic effects of the conflict in the Middle East, which is expected to increase the deflator due to the pass-through of higher imported energy prices into domestic prices. Consequently, this assumption is deemed to be duly justified. After 2027, the GDP deflator is assumed to linearly converge to 2.3% in 2035, consistently with the DSA methodology.

The remaining differences in assumptions do not have a significant impact on the average maximum net expenditure growth compared to the Commission's technical information.

This implies that the difference between the maximum growth rates of net expenditure in the plan and the technical information is explained by differences in assumptions that overall can be accepted, in line with Article 13, point (b), of Regulation (EU) 2024/1263. Overall, the differences in assumptions taken together lead to an average maximum net expenditure growth that is higher than the average maximum net expenditure growth implied by the technical information.

The Commission will take into account the above assessment of the plan's assumptions in future assessments of compliance with the maximum growth rates of net expenditure.

Fiscal strategy of the plan

(26) According to the indicative fiscal strategy in the plan, the commitments on net expenditure will be delivered mainly through discretionary revenue increases that are consistent with further increases in government expenditure. The plan assumes an increase in household income taxation and social security contributions for employers, among other revenue measures, as well as an increase in defence spending, from 1.7% of GDP in 2025 to 2.7% of GDP in 2030.

(27) The specification of the policy measures to be adopted is to be confirmed or adjusted and quantified in the annual budgets. In doing so, the Netherlands should consider the impact of announced policies on the medium-term projections as estimated by the Netherlands Bureau for Economic Policy Analysis (CPB).

Reform and investment intentions in the plan responding to the main challenges identified in the context of the European Semester and addressing the common priorities of the Union

(28) The plan describes reform and investment intentions responding to the main challenges identified in the context of the European Semester, as set out in particular in the 2025 country-specific recommendations (CSRs)[10], including those pertaining to the MIP, and in line with the priorities of the Communication "A Competitiveness Compass for the EU"[11]. The plan includes about 85 reforms and investments, of which 10 are financially supported by the Recovery and Resilience Facility (RRF). The plan's reforms and investments are based on the coalition agreement as well as other ongoing initiatives.

(29) Concerning the common priority of a fair green and digital transition, including the climate objectives set out in Regulation (EU) 2021/1119, the plan includes over 20 reforms and investments, such as the investment package for sustainable agriculture and nitrogen management, the Climate and Energy Fund, and the Program for Accelerating the Sustainability of the Built Environment. The plan also describes measures under the recovery and resilience plan (RRP) to reduce dependency on fossil fuels such as the continuation of the investment subsidy for sustainable energy and energy savings (ISDE +++). The reforms and investments included in the plan intend to address the CSRs issued in 2025 to increase R&D spending, to address the funding gap for startups and scale-ups, to reduce overall reliance on fossil fuels, to decrease electricity grid congestion and to address excessive nitrogen deposition and the deterioration of water quality.

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[10] See Council Recommendation of 8 July 2025 on the economic, social, employment, structural and budgetary policies of the Netherlands (OJ C, C/2025/3993, 20.8.2025, ELI: http://data.europa.eu/eli/C/2025/3993/oj)

[11] See Commission Communication "A Competitiveness Compass for the EU" of 29 January 2025, COM(2025)30 final.

(30) Concerning the common priority of social and economic resilience, including the European Pillar of Social Rights, the plan includes an extensive list of over 50 reforms and investments, grouped under several policy areas such as the housing market, education, healthcare, labour market and taxation. Some of these investment and reforms are included in the RRP, such as the actions to tackle bogus self-employment, support to affordable housing and the extension of intensive care. These 50 reforms and investments included in the plan intend to address the CSRs issued in 2025 to address the expected increase in age-related expenditure in long-term care, to reduce incentives to use flexible or temporary contracts, address labour and skills shortages, improve basic skills, and boost participation in STEM programmes. Furthermore, the plan includes reforms and investments in the housing market which are relevant for the macroeconomic imbalances procedure and that intend to address the CSRs aligning the taxation of different types of income from wealth, supporting the development of an affordable private rental sector, and removing obstacles for residential construction.

(31) Concerning the common priority of energy security, the plan includes the energy market reform package (included in the RRP) to allow for flexible grid use when the grid is congested, establish the framework for electricity grid investments by system operators, to set up infrastructure projects related to the expansion of the electricity grid and introduce changes in permitting procedures for electricity grid. The plan also includes the Grid congestion crisis Act to accelerate procedures for energy infrastructure projects. Furthermore, the plan includes legislation to manage gas crises, revising oil stockpiling requirements, enhancing cyber and physical resilience of energy infrastructure through EU directives, and investing in hydrogen production and diversified import strategies to reduce dependency risks.

(32) Concerning the common priority of defence capabilities, the plan includes a set of investments to be implemented between 2024 and 2028 that consist of the acquisition of equipment, renewal of real estate infrastructure, including to ensure its sustainability, and the modernisation and replacement of tactical IT infrastructure. The plan includes a reference to the general increase in defence spending, from 1.7% of GDP in 2025 to 2.7% of GDP in 2030.

(33) The plan provides information on the consistency and, where appropriate, complementarity, with the Netherlands' RRP. The reforms and investments outlined in the plan complement several actions undertaken under the RRP that also contribute to the common priorities of the EU. The new reforms and investments in the plan are consistent with the measures under the RRP.

(34) The plan does not provide an overview of the public investment needs of the Netherlands related to the common priorities of the Union.

Conclusion of the Commission's assessment

(35) Overall, the Commission is of the view that the Netherlands' plan of April 2026 fulfils the requirements of Regulation (EU) 2024/1263.

OVERALL CONCLUSION

(36) This recommendation supersedes the Recommendation of 21 January 2025.

(37) In accordance with Article 17 of Regulation (EU) 2024/1263, the maximum growth rates of net expenditure committed to in the plan of April 2026 should be recommended by the Council to the Netherlands.

HEREBY RECOMMENDS that THE NETHERLANDS:

(1) Ensure that net expenditure growth does not exceed the maxima established in Annex I to this Recommendation.

ANNEX I

Maximum growth rates of net expenditure
(annual and cumulative growth rates, in nominal terms)
The Netherlands

Years		2026	2027	2028	2029	2030
Growth rates (%)	Annual	4.7	3.5	3.1	3.5	3.7
	Cumulative (*)	4.7	8.4	11.7	15.6	19.9

(*) The cumulative growth rates are calculated by reference to the base year of 2025. The cumulative growth rates are used in the annual monitoring of ex-post compliance in the control account.

Done at Brussels,

For the Council
The President