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**Ons kenmerk**  
2026-0000222404

**Uw brief (kenmerk)**

### **Bijlagen**

1. Issues note 1: Hoe kan het concurrentievermogen van Europa worden verbeterd, met bijdragen van het ESM en de academische wereld
2. Issues note 2: Het gebruik van stablecoins
3. Issues note 3: Hoe kan Europa uitgaven financieren die het zich moeilijk kan veroorloven?

Datum 19 mei 2026  
Betreft Nazending Presidency Issues Notes informele Ecofinraad  
22 en 23 mei 2026

Geachte voorzitter,

In aanvulling op de geannoteerde agenda (GA) van de Eurogroep en de informele Ecofinraad van 22 en 23 mei a.s. die uw Kamer eerder ontving<sup>1</sup>, zend ik u de *Presidency Issues Notes* die voorliggen tijdens de werksessies van de informele Ecofinraad. Het Cypriotische voorzitterschap heeft deze stukken gedeeld ruim nadat de GA aan uw Kamer was verzonden.

Hoogachtend,

de minister van Financiën,

E. Heinen

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<sup>1</sup> [Geannoteerde agenda Eurogroep en informele Ecofinraad 22 en 23 mei 2026 | Tweede Kamer der Staten-Generaal](#)



## Presidency Note

### **The urgent need to strengthen Europe's long-term competitiveness and preserve the EU's economic resilience in an increasingly uncertain world**

**Over the past years, the EU has experienced weaker productivity growth compared with key international partners, while investment and innovation gaps have widened.** At the same time, the global environment has become increasingly volatile and fragmented, adding further pressure on Europe's growth and economic resilience. A central driver of the EU's competitiveness gap is persistently low productivity growth. This reflects structural weaknesses, including insufficient investment in research and development (R&D), comparatively lower spending on innovation, and limited capacity for European firms to scale up and grow into global leaders. Fragmented markets, regulatory complexity and barriers to cross-border financing continue to constrain entrepreneurship, technological diffusion and business expansion. Competitiveness is also negatively affected by persistently high energy prices, Europe's reliance on imported energy, and the limited depth and integration of European capital markets. Administrative burdens further increase costs for businesses and delay investment decisions. These factors weigh on industrial competitiveness, reduce export performance and undermine Europe's ability to develop strategic sectors and compete globally.

This diagnosis has been clear for some time, and the EU has therefore launched an encompassing competitiveness agenda. Only in March 2026 the European Council has reiterated "the pursuit of the European Union's objective of a highly competitive social market economy" and acknowledges that this requires renewed determination. Further deepening and integrating the single market provides huge potential in this respect and is key to allow companies to operate seamlessly across borders.

**The erosion in Europe's world export market share and weaker industrial production highlights the need to implement structural reforms.** The rapid increase in competition from major global economies adversely affect the key exporting industries in the EU. The EU should continue to move forward with structural reforms to ensure the sustainability of its exports and maintain its industrial base. This requires the reallocation of resources towards sectors that can compete in the global economy in the medium to long run. It is also equally important that those sectors chosen are supported by the other reforms the EU is pushing forward to accelerate the transition, such as for instance strategic trade agreements, the energy market reform including the grids package, the Net-Zero Industry Act or the Critical Raw materials Act. The challenge is not only to raise productivity and mobilise investment, it is to do so in a way that does not increase inequality, does not undermine social cohesion and is compatible with structural diversity across member states.

**Recent geopolitical developments have highlighted once again the urgent need to improve EU competitiveness and resilience.** The conflict in the Middle East, following earlier shocks such as the COVID-19 pandemic and Russia's invasion of Ukraine, underlines the risks associated with external dependencies, particularly in energy. These developments also create renewed uncertainty for the EU growth and inflation outlook through higher energy costs, supply chain disruptions and increased market volatility. More broadly, a high-risk global environment has become the new norm. The EU's implementation of the EU's competitiveness agenda has therefore become even more urgent. The combined effects of geopolitical tensions, trade fragmentation, climate risks and shifts in major international economic policies — including policies pursued by the new US administration — require the EU to strengthen its resilience and strategic autonomy.

**Against this backdrop, it is essential to demonstrate greater political determination and accelerate progress on key EU-level reforms aimed at restoring competitiveness and supporting sustainable growth.** While policy makers consistently acknowledge the urgent need to strengthen competitiveness and address the Union's structural vulnerabilities, tangible progress on the implementation of the necessary reforms remains too often limited. In light of recent geopolitical developments, decision-makers should demonstrate greater determination by intensifying efforts, accepting necessary compromises, and accelerating the adoption and execution of these reforms. A stronger sense of urgency and collective responsibility is essential to ensure that agreed priorities translate into concrete and timely actions, such as:

- advancing the green transition in a cost-effective and growth-friendly manner - according to recent analysis by the IMF, our efforts to improve energy efficiency and develop renewable energy over the past five years have reduced the impact of energy shock on households by 12% percent under current pricing;
- reducing strategic dependencies, particularly in the energy sector, and enhancing energy security;
- implementing the simplification agenda to reduce administrative burdens and accelerate investment;
- deepening the Savings and Investment Union to mobilise private capital and improve access to finance;
- strengthening support for R&D, innovation and digital transformation;
- facilitating the scaling-up of European businesses and improving the functioning of the Single Market, and
- recalibrating our industrial and export base and shifting resources to sectors that can compete in the global economy.

The current environment reinforces the urgency of moving decisively and concretely on reforms that strengthen Europe's long-term competitiveness and preserve the EU's economic resilience in an increasingly uncertain world.



Questions for discussion:

1. *Which specific political steps are needed at EU level to achieve significant progress on reducing Europe's strategic vulnerabilities and strengthening the Union's economic resilience — particularly in energy, innovation and financing?*
2. *Which are the causes of low private spending in R&D? To what extent will the completion of the savings and investment union contribute to the financing of R&D spending?*
3. *What actions are required at European level, within the mandate of the Ecofin Council, to promote the transition of our export model and industrial base towards key sectors that will increase the EU exports base?*
4. *Are the structurally different economic/industrial models across the EU undermining our efforts to boost competitiveness?*
5. *How can the EU accelerate productivity growth and close the competitiveness gap with other major economies while preserving Europe's social model and strategic priorities?*



## Presidency Note

### The usage of stablecoins, including their key features and economic functions

#### Key features and uses

Stablecoins are private digital money pegged to a fiat currency, most commonly the US dollar (98% of them are denominated in US dollars). Their main use to date has been to support crypto-asset trading, effectively acting as 'cash' in the crypto-asset ecosystem. Stablecoins are starting to be used as a means of making cross-border payments, as they can bypass some frictions in conventional payment rails. Proponents contend that they are cheaper and faster than bank transfers. Stablecoins can also provide individuals and firms access to foreign currencies, particularly in emerging market and developing economies with weak macroeconomic fundamentals such as high inflation or capital controls.

In spite of doubling in size between 2024-25, stablecoin market capitalisation remains small. As of May 2026, their global capitalisation was around \$320 billion. Nearly 90% of all stablecoins are issued by Tether and Circle, based in El Salvador and the US respectively. While stablecoin transaction volumes seem large – some \$35 trillion annually in 2025 – their real economy use is modest. According to some estimates, payment flows in 2025 were around \$390 billion, representing a tiny fraction of relevant global volumes. The adoption of comprehensive regulatory frameworks, on their own, has not generally led to greater stablecoin use thus far, as the experience of Japan and the EU demonstrates. Indeed, the strongest growth has been by Tether's USDT, which does not comply with the stablecoin laws of major jurisdictions.

From a technological point of view, stablecoins are so-called 'digital tokens' that circulate on public, permissionless distributed ledger technology (DLT) networks such as blockchains. Given this, they can potentially play a role as a settlement asset in a future tokenised financial system,<sup>1</sup> in which financial assets are issued, traded, and relevant transactions are settled, on DLT networks. Although tokenised central bank money, when available, will be the safest and most liquid settlement asset, private settlement assets – such as tokenised deposits or stablecoins – are also expected to play a role, as is currently the case with commercial bank money in traditional finance. Stablecoins, however, vary significantly from tokenised deposits: the former are a digital token (often issued by non-banks)

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<sup>1</sup> Tokenisation is the process of issuing or representing assets in the form of digital tokens, which are typically recorded on blockchains. One of the main benefits of such a system is that transactions can be programmable (i.e. they encode rules that execute automatically when predefined conditions are met) and settled atomically (i.e. delivery and payment occur simultaneously, eliminating counterparty risk) on a 24/7 basis.

that seek to maintain a stable value by having a collateral reserve of liquid low-risk assets, while the latter are digital representations of traditional deposits and redeemable at par at the issuing bank.

### **The risk of infrastructural dollarisation**

From an EU perspective, tokenisation can enhance the efficiency and integration of European capital markets and thereby increase their scale and foster productive investment and growth, in line with the objective of the Savings and Investments Union. In this context, an issue to consider is the role that private settlement assets should play – in addition to tokenised central bank money – to safeguard monetary sovereignty and ensure the resilience, integration and competitiveness of the European financial system in the digital era.

Euro-denominated stablecoins and tokenised deposits remain at an early stage of development. By contrast, dollar-denominated stablecoins have, through first-mover advantage and network effects, become the default settlement asset in crypto-asset trading. The US administration is taking steps to promote their further growth, including in tokenised finance, describing stablecoins as a tool to ensure “the continued global dominance of the US dollar” and to cement demand for US Treasuries. A key question here is whether stablecoins become the default private settlement asset for tokenised securities and digital infrastructures as well – and if so, whether USD stablecoins will dominate this market as well. If this is the case, then Europe may need to respond by promoting euro-denominated stablecoins of its own to avoid ‘infrastructural dollarisation’. This would imply taking further measures to enhance the appeal of euro-denominated stablecoins by, for example, increasing their market liquidity and by easing their regulatory treatment in Markets in Crypto-Assets Regulation (MiCAR), which is the currently applicable EU regulatory framework for stablecoins.

On the other hand, it is worth pointing out that stablecoins (whether dollar- or euro-denominated) have certain structural weaknesses if used as the private settlement asset of a tokenised financial system. First, unlike bank transfers, stablecoin transactions do not settle on the central bank’s balance sheet – so payments at par are not assured. This exposes stablecoins to run risk from redemption pressures that can also lead to fire sales of assets included in stablecoin reserves, particularly where issuers are non-banks. Multi-jurisdictional issuer schemes<sup>2</sup> add a further layer of vulnerability, as investors will seek to redeem where protections are strongest and exit fees lowest – which is likely to be the EU, even though the reserves held in the EU may not be sufficient to meet such demand. Second, stablecoins operate on public permissionless blockchains, which create interoperability challenges and operational risk concerns. Third, if firms and households shift from bank deposits to stablecoins at scale (disintermediation), banks would increasingly rely on costlier and potentially less stable wholesale funding. Banks might pass on the higher funding costs to borrowers through higher lending rates, and the supply of bank credit might fall. More generally, stablecoin growth could

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<sup>2</sup> Such schemes occur where an EU (MiCA authorised) entity and a third-country entity of the same stablecoin issuer issue in parallel seemingly identical stablecoins, in legal and economic terms, under two different legal regimes resulting in the tokens being fungible and thus indistinguishable across both jurisdictions.



impact financial integrity, monetary policy and fiscal policy in ways that are still being analysed by authorities.

Even more important, however, is to take an ambitious and holistic approach by ensuring that public infrastructure enables alternative instruments – whether stablecoins, tokenised deposits or other yet-to-emerge alternatives – to operate within an interoperable tokenised framework anchored by central bank money. When such infrastructure is available, market participants may have little reason to rely on a foreign currency-denominated private settlement asset. In this respect, MiCAR, together with the DLT Pilot Regime<sup>3</sup> and the Eurosystem’s work toward enabling the use of central bank money for settlement on DLT,<sup>4</sup> already lay the groundwork for harmonised rules in the digital finance space and make Europe among the first jurisdictions to establish a comprehensive framework for tokenised assets. Given this, the concerns about ‘infrastructural dollarisation’ – and the related need to take additional policy measures to promote euro-denominated stablecoins – may not be as relevant.

Questions for discussion:

1. *Which of the risks related to stablecoins outlined in the Note are the most material?*
2. *Should any policy initiatives be considered to address those risks, in addition to those already underway by the EU Commission (revision of DLT Pilot regime) and the Eurosystem (Pontes and Appia projects)? If so, what are the main priorities and trade-offs to consider?*
3. *How could stablecoin developments affect the broader financial system going forward, including interactions with banks, payment & settlement systems, and market structure?*

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<sup>3</sup> The EU DLT Pilot Regime is a regulatory framework that allows market infrastructures to test DLTs for trading and settling tokenised financial instruments, such as shares and bonds. As part of the Market Integration and Supervision Package (MISP) proposal currently under negotiation, the review of the DLT Pilot regime will expand its scope (in terms of types of eligible participating entities and of eligible tokenised financial instruments) and raise eligible activity thresholds to facilitate the uptake of DLT-based financial markets.

<sup>4</sup> This includes the Pontes project that will enable DLT-based transactions to settle in central bank money; and the Appia roadmap that sets out the path to a fully interoperable, European, tokenised financial ecosystem by 2028.



## Presidency Note

### How Can Europe Pay for Things That It Cannot Afford?

**Europe is facing a period of high and persistent public investment needs.** According to the IMF, meeting fiscal spending needs would create a financing gap of around 5 percent of GDP across countries. The recent energy price surge highlighted once again the urgent need to accelerate the green transition and the electrification of the economy, which require substantial investments in renewable energy, electricity grids, storage capacity, energy efficiency, clean transport and industrial decarbonisation. At the same time, the geopolitical environment has increased the urgency to strengthen Europe's defence capabilities and security architecture. Additional pressures stem from demographic ageing and the associated rise in pension, healthcare and long-term care expenditure. Europe must also accelerate investments in digitalization, infrastructure, innovation and productivity-enhancing technologies, while strengthening resilience and strategic autonomy in key sectors such as critical raw materials. Lastly, common EU borrowing undertaken to address urgent needs has also increased debt servicing costs, adding further pressure on public finances.

**These investment needs arise in a challenging fiscal environment.** According to the latest data published by Eurostat, the EU general government deficit remained above 3%, standing at 3.1% of GDP in 2025, while the average government debt ratio increased for the third consecutive year, reaching 81.7% of GDP by the end of 2025. Several Member States continue to face elevated deficit and debt levels and remain under excessive deficit procedures, limiting fiscal buffers and increasing vulnerabilities to higher financing costs and adverse shocks.

**In this context, the revised EU economic governance framework provides an important anchor for balancing fiscal sustainability with the need to support growth-enhancing reforms and investments.** The new framework is designed to ensure a gradual and credible reduction in debt ratios, safeguarding fiscal sustainability over the medium term while at the same time providing fiscal space for priority investments and reforms that strengthen growth potential, resilience and competitiveness.

**The credibility of the revised framework will depend critically on its strict, timely and effective implementation.** Fiscal discipline remains essential to preserve market confidence, safeguard debt sustainability and maintain adequate fiscal buffers in an increasingly uncertain global environment. In this regard, any deviation from the net expenditure paths recommended by the Council risks delaying the necessary fiscal consolidation process and may lead to more demanding adjustments

in subsequent years. Similarly, the activation of national escape clauses or the general escape clause should remain limited to exceptional circumstances, given that prolonged fiscal loosening could undermine the credibility of the framework and further constrain fiscal space over the medium term.

Against this backdrop, the IMF estimates that the current consolidation plans under the revised EU framework fall well short of closing the financing gap in most EU countries and suggests that ambitious structural reforms at national and EU level can be promoted to ease the fiscal adjustment burden. Moreover, the IMF estimates that even with the implementation of an ambitious reform agenda, additional fiscal consolidation beyond what is required under the revised EU framework will be needed for the majority of the European countries<sup>1</sup> to keep debt in a sustainable path, while around one quarter of European countries need to rethink the Government's role in certain sectors, such as health care, education, pensions, and infrastructure in order to consolidate to levels which are very difficult to achieve through conventional consolidation efforts.

**Europe should reconcile very large common investment needs with the imperative of maintaining sound public finances through coordinated actions at both national and EU levels.**

Achieving this balance will require credible national fiscal policies, effective prioritisation of public expenditure and improved spending efficiency and revenue collection. In cases of significantly high debt and deficit levels, ambitious reforms aiming to improve fiscal sustainability in certain sectors, such as healthcare, education, pensions and infrastructure may be required in order to ensure compliance with the recommended net expenditure path. Moreover, economic and fiscal policy coordination, through the European Semester, is critical for promoting reforms that address fiscal risks and aligning reform agendas with the need to ensure fiscal sustainability. This approach could be complemented by an improved framework to assess the implementation of reform recommendations, especially for recommendations aiming to address fiscal risks.

At EU level, it is crucial to promote the mobilisation of private capital, continue efforts to deepen the Single Market and enhance the efficiency of EU-level financing instruments, ensuring that the EU resources are utilized in the most effective way possible. The Multiannual Financial Framework (MFF) serves as a vital instrument for common priorities, channeling EU resources toward shared challenges like defense capabilities and climate action to support these goals. Lastly, common borrowing mechanisms should be considered where justified by clear European added value, such as for joint defense procurement or large-scale infrastructure in energy and critical materials, ensuring disciplined use, risk-sharing safeguards, and alignment with fiscal rules to maintain credibility and avoid moral hazard while enabling scale that individual states cannot achieve alone. However, the longer-term implications of common borrowing warrant careful consideration, as debt servicing costs will weight on future EU budgets. According to the European Court of Auditors, by 2027, outstanding EU debt could exceed €900 billion, nearly 10 ten times the pre-NGEU level, and interest costs envisaged in the current MFF are expected to surpass €30 billion, more than double from earlier forecast. The coverage of interest costs creates a real challenge for the sustainability of the MFF and the funding of EU priorities, if not accompanied by an increase in own resources.

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<sup>1</sup> The IMF analysis covers a broader set of European countries that expands beyond the European Union.



Questions for discussion:

1. *To what extent does the flexibility allowed within the revised EU economic governance framework and the reforms promoted at EU level contribute to addressing Europe's large investment needs without undermining fiscal sustainability? Do you share IMF's view that some member states should move beyond the EU fiscal framework and rethink the Government's role in some areas, i.e. pensions, welfare system, health care, infrastructure and education?*
2. *How can the economic and fiscal policy coordination at EU level be improved to promote national reforms that improve fiscal sustainability and ensure their effective implementation?*
3. *What role should common European financing instruments and EU-level initiatives play in supporting investments? To what extent should the efficiency of EU-level financing instruments be enhanced?*



[TERSTOND]

TER BESLISSING

Aan  
de minister

1915

nota

Nazending Presidency Issues Notes informele Ecofinraad  
22 en 23 mei 2026

Generale Thesaurie  
Directie Buitenlandse  
Financiële Betrekkingen

Persoonsgegevens

**Datum**

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**Notanummer**

2026-0000221912

**Bijlagen**

1. Issues note 1: Hoe kan het concurrentievermogen van Europa worden verbeterd, met bijdragen van het ESM en de academische wereld
2. Issues note 2: Het gebruik van stablecoins
3. Issues note 3: Hoe kan Europa uitgaven financieren die het zich moeilijk kan veroorloven?

**Aanleiding**

- De gebruikelijke *Presidency Issues Notes* en gerelateerde stukken voor de informele Ecofinraad van 22 en 23 mei a.s. hebben wij vandaag ontvangen, dus ruim nadat de Geannoteerde Agenda (GA) al naar het parlement was verzonden. In de aanbiedingsbrief bij de GA had u reeds aangegeven dat u deze *Presidency Issues Notes* zult nazenden.
- De GA behoeft geen nadere aanvulling op basis van de *Presidency Issues Notes*.

**Beslispunten**

- Graag uw goedkeuring voor verzending van de *Presidency Issues Notes* en de gerelateerde stukken aan het parlement.
- Daarbij het verzoek om de twee bijgevoegde aanbiedingsbrieven te ondertekenen.
- Graag uw akkoord voor het openbaar maken van de nu voorliggende nota, conform de beleidslijn Actieve openbaarmaking nota's.

**Toelichting**

- De *Presidency Issues Notes* voor werksessie 1 gaat over het lange termijn concurrentievermogen van Europa.
- De *Presidency Issues Notes* voor werksessie 2 gaat over het mitigeren van risico's die gepaard gaan met stablecoins.
- De *Presidency Issues Notes* voor werksessie 3 gaat over de Europese financieringsuitdagingen.

*Communicatie*

N.v.t.

*Politiek/bestuurlijke context*

N.v.t.

**Informatie die niet openbaar gemaakt kan worden**

Niet van toepassing.

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