

SU/21/147

November 11, 2021

**The Acting Chair's Summing Up  
Kingdom of the Netherlands—The Netherlands—2021 Article IV Consultation  
Executive Board Meeting 21/105  
November 10, 2021**

Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities for their vigorous policy response to the pandemic, which helped limit its health, economic, and financial impacts. Directors noted that a strong recovery is underway against the backdrop of pandemic-related uncertainty and supply chain disruptions. In this context, they welcomed the transition to more targeted policy support and the authorities' readiness to react should substantial downside risks materialize.

Going forward, Directors stressed the need to guide the economy toward normalization and facilitate reallocation of factors of production. Improved debt restructuring processes for viable firms and the establishment of a credit bureau are priorities in this regard.

Directors broadly supported using the available fiscal space to foster a more productive, greener, and more inclusive economy, which could also contribute to external rebalancing. They welcomed the introduction of the National Education Plan and the National Growth Fund, and encouraged additional investments in education and public funding for research and development. The ongoing reform of international and capital taxation should help fight tax avoidance globally. Directors also recommended further efforts to address labor market duality and implement the agreed pension reform, noting that progress in these areas would help boost productivity and enhance intergenerational equity.

Directors observed that the financial system remains sound while imbalances in the real estate market warrant heightened vigilance. They encouraged continued strong supervision to prevent undue risk-taking in the low interest rate environment, including through the appropriate use of macroprudential tools. Directors welcomed the activation of risk-based floors for residential mortgage lending and encouraged further efforts to address supply shortages in the housing market.

Directors commended the authorities for their ambitious targets for reducing greenhouse gas emissions. They recommended that the authorities consider additional measures to complement existing policies, including instruments to reinforce carbon pricing. Directors underscored the need to safeguard vulnerable households from the costs of the transition.

It is expected that the next Article IV consultation with the Netherlands will be held on the standard 12-month cycle.