



KINGDOM OF THE NETHERLANDS—THE NETHERLANDS

2026 ARTICLE IV CONSULTATION—PRESS RELEASE AND STAFF REPORT

July 2026

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Kingdom of The Netherlands—The Netherlands, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse-of-time basis, following discussions that ended on May 13, 2026, with the officials of Kingdom of The Netherlands—The Netherlands on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 29, 2026.
- An **Informational Annex** prepared by the IMF staff.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2026 Article IV Consultation with Kingdom of The Netherlands—The Netherlands

FOR IMMEDIATE RELEASE

- Entering 2026 from a position of relative strength, the energy price shock from the war in the Middle East is projected to slow growth to about 1 percent and lift inflation to around 3 percent, amid unusually high uncertainty.
- The restrained and well-targeted policy response to higher energy prices—with readiness to scale if more severe risks materialize—is appropriate. Fiscal policy should stay cautious in the near term and continue to shift toward investment-oriented spending.
- Weak investment and binding capacity constraints—including in energy, nitrogen, labor, and housing—continue to weigh on the outlook. Addressing these challenges will require structural reforms to ease growth constraints, scale up R&D, and strengthen innovation ecosystems, alongside targeted measures to crowd in private investment, enhance high-tech resilience, and advance deeper EU-level coordination.

Washington, DC – July 27, 2026: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Kingdom of The Netherlands—The Netherlands on July 20, 2026¹ and endorsed the staff appraisal on a lapse-of-time basis without a meeting.

The Dutch economy is entering a more challenging phase as the energy shock from the war in the Middle East impacts an economy that entered 2026 from a position of relative strength. Growth has been resilient and buffers remain ample, even as longstanding structural bottlenecks—high private savings, weak investment, and capacity constraints—continue to weigh on productivity and medium-term growth. The new government has articulated an ambitious agenda to ease constraints and support innovation-led growth, but minority-government dynamics raise implementation risks. Elevated external imbalances persist.

Notwithstanding recent momentum and solid domestic consumption, growth is expected to slow as the tensions in the Middle East weigh on activity, particularly through weaker business investment and external

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

demand. Risks to the outlook are tilted to the downside for growth and to the upside for inflation, especially in the event of an escalation of geopolitical tensions and stronger energy price pressures.

Executive Board Assessment²

Despite strong starting conditions, the war in the Middle East has again tested economic resilience. Near-term prospects are unusually uncertain: energy prices have increased, inflationary pressures are re-emerging, growth is moderating, and supply-chain tensions are building. Structural bottlenecks, high savings, and low investment continue to limit the economy's capacity to adapt.

Given the unusually uncertain outlook, the government's response to the energy price shock is appropriate. Planned support is well targeted, restrained, and preserves price signals by focusing on vulnerable households, energy-intensive SMEs, and housing-related energy investment. Broader measures, such as price caps or VAT and fuel-tax cuts, would be costly, weaken incentives for conservation and transition, and difficult to unwind, as shown by the fuel-excite reduction introduced during the 2022 energy crisis, which remains largely in place. The government's contingency framework appropriately calls for support to be scaled with shock severity.

Fiscal plans are well calibrated to slowing growth, provided energy-related risks are managed prudently. The broadly neutral stance over 2026–31 is appropriate. Automatic stabilizers should remain the main macroeconomic buffer, including in a severe scenario, where use of fiscal space could be directed toward energy security and the energy transition. The budget-neutral design of energy support will help contain fiscal and demand pressures in a tight labor market and remaining excess demand.

The coalition agreement rightly prioritizes investment and structural reforms but success hinges on parliamentary support and implementation capacity. Proposed measures to invest in defense readiness, ease structural bottlenecks, and support innovation-led growth are incorporated in the fiscal framework and backed by adjustment and revenue measures. Uncertain parliamentary majorities raise risk of delays and uneven implementation. Any compromise should protect growth-enhancing investment, especially in infrastructure and education.

As medium- and long-term spending pressures intensify, fiscal sustainability will depend on progress with fiscal structural reforms. Fiscal space is substantial, but over time, spending pressures from defense, health care, aging, and climate will intensify. While planned healthcare reforms are expected to generate sizeable savings of 1 percent of GDP from the early 2030s, realizing these will require strong

² The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

implementation and prioritization. Even then, curbing aging-related spending pressures will also require parametric reforms in the tax-funded old-age pension system.

Easing structural bottlenecks is critical to raise investment, lift medium-term growth, and reduce elevated external imbalances. The external position in 2025 was stronger than implied by medium term fundamentals and desirable policies based on preliminary assessment. Despite high corporate savings, private investment remains subdued, limiting supply expansion and slowing external rebalancing. Priorities include accelerating grid expansion and permitting, resolving nitrogen-related constraints, strengthening skills, and facilitating labor mobility, as structural shifts—including from AI and digitalization—reshape labor demand. Addressing domestic barriers to firm scaling, including by better identifying financing gaps for growth-stage firms and crowding in private investment, is essential to sustain innovation-led growth and gradually reduce external imbalances. As industrial policy is increasingly steering investment, initiatives need to be managed effectively and be targeted to where externalities or market failures prevent effective market solutions, while minimizing trade and investment distortions.

Supporting innovation-led growth requires strengthening high-tech resilience through diversification and EU-level coordination amid rising geopolitical tensions. The Netherlands operates at the technological frontier, with strong clusters including in semiconductors, photonics, fintech, and agrifood. Expansion plans underscore growth potential, but also expose bottlenecks in infrastructure, skills, and permitting. Heavy reliance on foreign inputs and demand heightens vulnerability to fragmentation and supply chain disruptions. Enhancing resilience calls for supplier diversification, management of critical dependencies, and leveraging strategic interdependencies, supported by EU level initiatives such as the Chips Act, and, notably, deeper single and capital market integration.

Overall systemic stability risks in the financial sector remain significant; current capital buffer requirements should be maintained and monitoring of liquidity mismatches in real estate and corporate bond funds intensified. Tighter borrower-based macroprudential policy is needed to contain risks from housing and support affordability. Improving affordability will also require ambitious supply-side reforms to address housing shortages. Progress in strengthening system-wide stress testing, supervision, and climate risk oversight and analysis is welcome. Continued close monitoring and proactive management of risks related to the second-pillar capital-funded occupational pension system transition are essential to safeguard financial stability. Ensuring resolution and crisis-management preparedness remains a priority.

Table 1. The Netherlands: Selected Economic Indicators, 2024–2027
(Growth rates, in percent, except where otherwise indicated)

	2024	2025	2026 Proj.	2027 Proj.
National accounts				
Gross domestic product	1.1	1.8	1.0	1.3
Private consumption	1.1	1.5	0.5	1.1
Public consumption	3.6	1.9	2.2	1.6
Gross fixed investment	-0.5	1.1	0.9	1.3
Exports of goods and services	-0.2	2.4	1.1	2.2
Imports of goods and services	0.1	2.4	1.2	2.4
Domestic demand (contribution to GDP growth)	1.3	1.5	1.0	1.3
External demand (contribution to GDP growth)	-0.2	0.2	0.0	0.1
Output gap (percent of potential output)	0.3	0.5	0.1	0.0
Prices				
Consumer price index (HICP), period average	3.2	3.0	3.1	2.5
Consumer price index (HICP), end-of-period	4.0	2.7	3.7	1.9
Consumer price index (HICP), core, period average 1/	3.5	3.2	2.6	2.4
Consumer price index (HICP), core, end-of-period 1/	4.3	2.9	2.8	2.1
GDP deflator	5.7	3.3	3.1	2.5
Employment				
Employment	0.6	0.3	0.1	0.3
Unemployment rate (percent, ILO definition)	3.7	3.9	4.2	4.3
Balance of Payment (percent of GDP)				
Trade balance (goods)	7.2	7.4	7.2	7.0
Current account balance	9.2	7.9	7.4	7.3
General government accounts (percent of GDP)				
Revenue	43.6	43.3	43.4	43.4
Expenditure	44.3	44.9	46.1	45.8
Net lending/borrowing	-0.7	-1.6	-2.7	-2.4
Primary balance	-0.3	-1.2	-2.0	-1.6
Structural balance 2/	-0.9	-1.9	-2.1	-2.4
Structural primary balance 2/	-0.2	-1.2	-1.2	-1.4
Cyclically-adjusted balance 2/	-0.9	-1.9	-2.8	-2.4
General government gross debt	43.8	44.4	45.3	45.7

Sources: Dutch official publications, IMF, IFS, and IMF staff calculations.

1/ Core defined as headline inflation excluding energy and unprocessed food.

2/ In percent of potential GDP.



KINGDOM OF THE NETHERLANDS—THE NETHERLANDS

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

June 29, 2026

KEY ISSUES

Context. The Netherlands is entering a more challenging phase as the energy shock from the war in the Middle East impacts an economy that entered 2026 from a position of relative strength. Growth has been resilient and buffers ample, even as longstanding structural bottlenecks—high private savings, weak investment, and capacity constraints—continue to weigh on productivity and medium-term growth. The new government has articulated an ambitious agenda to ease constraints and support innovation-led growth, but minority-government dynamics raise implementation risks. Elevated external imbalances persist. The highly integrated high-tech sector plays an important role both as a key channel for rebalancing and as a source of external vulnerability as geoeconomic fragmentation is increasing.

Outlook and Risks. Notwithstanding recent momentum, growth is expected to slow as spillovers from the war in the Middle East weigh on activity, particularly through weaker business investment and external demand. The government is responding to higher energy prices with a targeted, budget-neutral package, signaling near-term restraint. Higher energy prices will raise inflation, with spillovers delaying the return of inflation to target. Risks are tilted to the downside for growth and to the upside for inflation, especially in the event of an escalation of tensions and stronger energy price pressures.

Key Policy Recommendations

- **Fiscal policy** should maintain the prudent response to the energy price shocks and shift further toward facilitating public and private investment, including in defense, infrastructure, and innovation, while easing bottlenecks. In addition to advancing health care reforms, parametric reforms to first pillar tax-funded pensions are needed to contain medium-term spending pressures from aging. Capital income tax reform should be recalibrated to tax actual returns in a legally robust, fiscally sustainable, and administratively feasible manner.

- **Structural reforms** should prioritize scaling R&D, strengthening innovation ecosystems, and easing growth constraints—especially in labor, nitrogen regulation, and electricity grid capacity. Making innovation a strong driver of productivity growth and rebalancing will require sharper identification of gaps and targeted action to crowd in private investment. High-tech sector resilience should be enhanced through diversification and leveraging strategic interdependence and stronger EU coordination. Progress toward a savings and investment union and deeper capital market integration to support scale-ups are critical complements to domestic reforms.
- **Financial sector** oversight should intensify monitoring liquidity mismatches in real estate and corporate bond funds. Borrower-based macroprudential tools should be recalibrated to cool the residential real estate market and reduce structural stability risks from housing. Policies should continue to proactively manage the capital-funded occupational pension fund transition risks and ensure resolution and crisis-management preparedness.

Approved By:
Mark Horton (EUR)
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Discussions took place in Amsterdam and The Hague during May 4–13, 2026. The team comprised F. Bornhorst (head), N. Budina, K. Coulibaly and S. Kotera (all EUR). K. Zhunussova (FAD) participated in energy meetings. M. van Rij (Alternate Executive Director, OEDNE) and M. van Aarnhem (Advisor, OEDNE) attended the meetings. The team met with Finance Minister E. Heinen, *De Nederlandsche Bank* (DNB) Deputy Governor B. ter Weel, other senior officials from DNB and Ministries of Finance, Economic Affairs, Housing and Spatial Planning, Social Affairs and Employment, and Interior, government entities, think tanks, representatives of labor unions and employers, and private sector institutions. The team was assisted by Y. Bao, S. Previde and B. Plein (all EUR).

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CONTEXT

1. **The war in the Middle East has again tested the resilience of the Dutch economy, which entered this period from a position of relative strength.** Growth was above potential and inflation easing, with ample fiscal and financial buffers. Energy prices have increased, inflationary pressures are re-emerging, growth is moderating, and supply-chain tensions are increasing. Beyond the near-term, structural bottlenecks, high savings, and low investment continue to limit the economy's ability to adapt.
2. **The new government has articulated an ambitious medium-term reform agenda, while maintaining near-term policy restraint in response to higher energy prices.** The coalition agreement prioritizes easing binding growth constraints and supporting a shift toward innovation-led growth, including via higher defense and R&D spending. It also plans to ease permitting constraints, expand grid capacity, and strengthen skills and knowledge investment. However, minority status and a fragmented parliament will mean reliance on *ad hoc* majorities, raising implementation risks. In the near-term, the government plans to respond to higher energy prices with a targeted and budget-neutral package, signaling restraint.
3. **These policy choices are unfolding amid persistent external imbalances in an increasingly fragmented global environment.** Although the external current account surplus has moderated, it remains elevated. Rising geopolitical tensions and trade fragmentation are reshaping global value chains, with implications for highly open and integrated economies like the Netherlands. The high-tech sector is central to productivity growth, innovation, and exports and anchors the economy at the global technological frontier (Figure 1). Its deep integration into global value chains amplifies exposure to supply-chain disruptions and strategic dependencies. Higher investment in the sector would support external rebalancing in the short term. However, increasing the sector's footprint in the economy would raise exposure to geoeconomic risks.

RECENT ECONOMIC DEVELOPMENTS

4. **The economy faces fallout from the war in the Middle East against a backdrop of recent robust growth** (Figure 2). Growth was 1.8 percent in 2025, accelerating from 1.1 percent in 2024. Key drivers were private and public consumption, supported by growing purchasing power. Housing investment has continued to recover, but business investment has remained subdued due to elevated uncertainty, structural bottlenecks, and changes in vehicle taxation. Externally, a decline in exports to the U.S. was offset by increased exports to the EU, Korea, and Taiwan Province of China; net exports contributed positively to growth. Growth slowed in Q1:2026, reflecting declining exports and stagnant private consumption as confidence indicators fell following the war in the Middle East.
5. **Inflation eased toward the euro area (EA) average in 2025, before energy price pressures re-emerged** (Figure 2). Average inflation declined to 3.0 percent in 2025 (2024: 3.2 percent), and 2.3 percent in February (EA average: 1.9 percent). Since March, energy price impacts have materialized, pushing inflation to 3.4 percent in May.

Figure 1. The Netherlands: High-Tech Sector: Strategic Role and Vulnerabilities

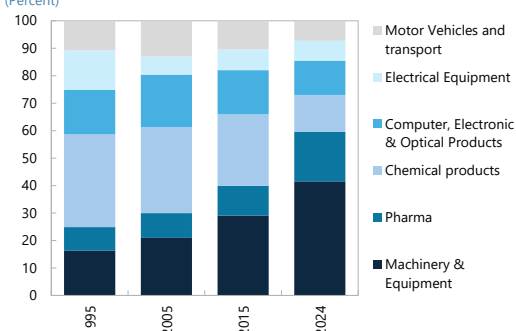
The high-tech sector includes semiconductors, advanced manufacturing, photonics, quantum computing, software, agrifood, health, and biotech and features leaders and specialized SMEs in various innovation ecosystems. Globally integrated, it accounts for 11 percent of value added and 6 percent of employment (an increase of about 2 and 1 percentage points, respectively, over the past decade).¹

Machinery and equipment is the largest high-tech industry, driven by a growing demand for semiconductor equipment.

Computer programming & consulting is the largest high-tech knowledge intensive service sector.

Sector Share in High-Tech Manufacturing

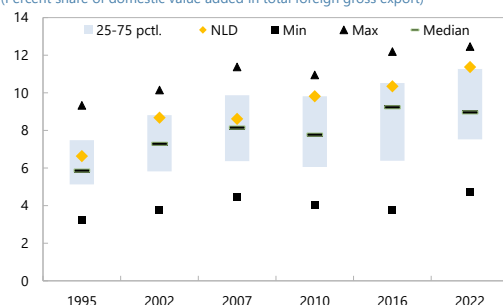
(Percent)



The Netherlands ranks among EU leaders in value added in foreign exports in high-tech sectors...

EU27: High-Tech Sector Forward Linkages

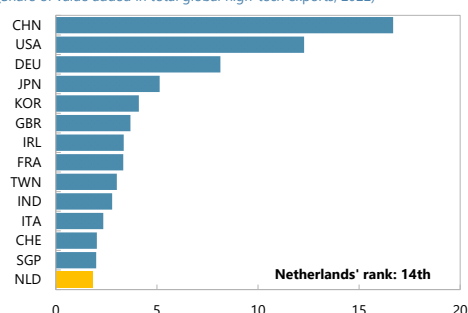
(Percent share of domestic value added in total foreign gross export)



As a result, the Netherlands' high-tech export footprint is disproportionately large in global high-tech exports.

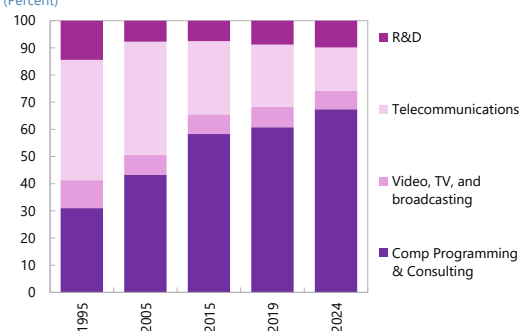
Top Countries Adding Value in the High-Tech Sector

(Share of value added in total global high-tech exports, 2022)



Sector Share in High-Tech Knowledge Intensive Services

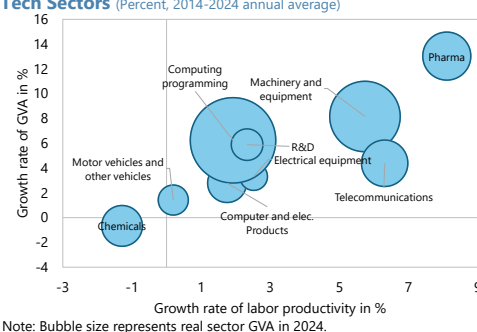
(Percent)



...with pharma, machinery, and equipment leading productivity and value-added growth.

Real Output and Labor Productivity Growth by High-Tech Sectors

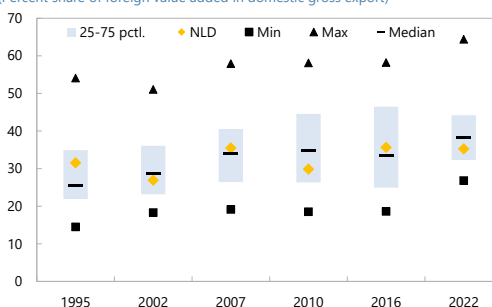
(Percent, 2014-2024 annual average)



However, vulnerabilities arise from high foreign value added (over one-third) in Dutch high-tech exports.

EU27: High-Tech Sector Backward Linkages

(Percent share of foreign value added in domestic gross export)



Sources: Eurostat, OECD TiVA, and IMF staff calculations, using Eurostat's NACE Rev. 2 classification for high and medium-high tech industry plus high-tech knowledge-intensive services (KIS).

¹/ See the accompanying Selected Issues Paper "Sustaining High-Tech Leadership in a Fragmenting World" for definitions and discussion.

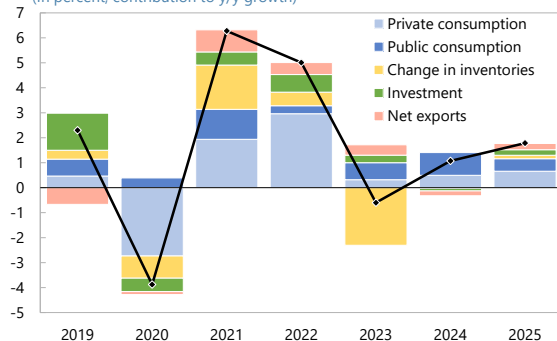
6. Softening is evident in a still-tight labor market (Figure 3). Unemployment rose to 4.0 percent at end-2025 (3.9 percent in April) but remains among the lowest in the EA. Jobseekers began outnumbering vacancies in Q3:2025—the first time in four years. Recent data point to a steeper decline in openings for AI-exposed and entry-level occupations. Following legislation to combat false self-employment, the number of self-employed declined sharply in 2025, while the total number of employees increased by more than the decline, suggesting a shift into regular paid jobs. Wage growth has continued to moderate, easing to 4.2 percent in May from a peak of nearly 7 percent in 2024; the real wage gap vis-à-vis the pre-inflationary period had nearly closed in early 2026, before inflation pressure re-emerged.

Figure 2. The Netherlands: Growth and Inflation Developments

The economy grew by 1.8 percent in 2025, driven by private and public consumption and net exports.

Real GDP Growth Contributors

(In percent; contribution to y/y growth)

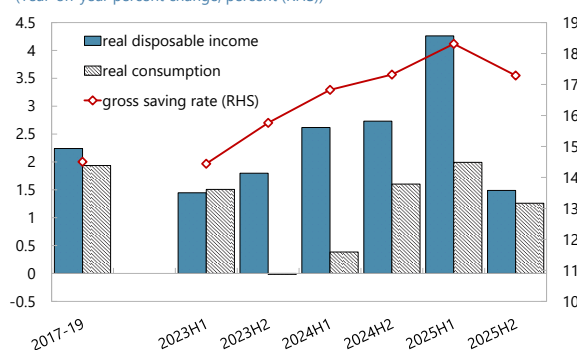


Sources: Haver Analytics; and IMF staff calculations.

While consumption was supported by robust income growth, the saving rate increased and remains high.

Household Consumption, Income, and Savings

(Year-on-year percent change, percent (RHS))

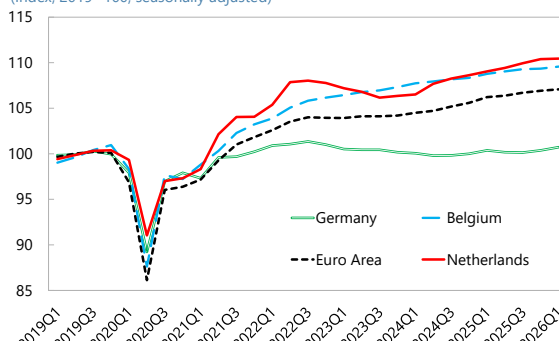


Sources: Haver Analytics and IMF staff calculations.

Despite shocks and uncertainty, the economy outperformed peers relative to pre-pandemic levels.

Real GDP

(Index, 2019=100, seasonally adjusted)

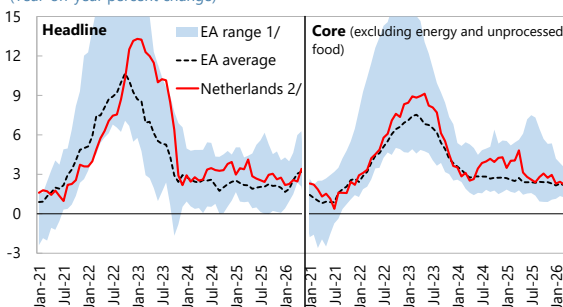


Sources: Haver Analytics; IMF staff calculations.

While both headline and core inflation had eased toward the EA average, they started to rise again...

Inflation in the Netherlands and the EA

(Year-on-year percent change)



Sources: Eurostat and IMF staff calculations.

1/Euro Area range excludes the Netherlands.

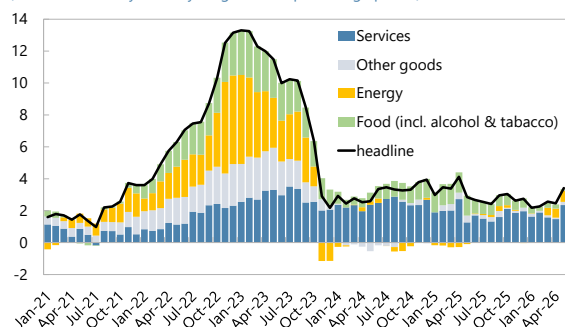
2/ Series adjusted to account for a change in methodology of energy prices.

Figure 2. The Netherlands: Growth and Inflation Developments (concluded)

....mainly reflecting higher energy prices and their spillovers to services.

HICP Inflation Rate 1/

(Contributions to year-on-year growth, in percentage points)



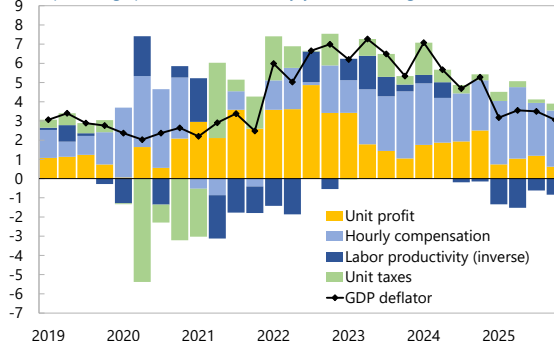
Sources: Haver Analytics, CBS, and IMF staff calculations.

1/ Series adjusted to account for a change in methodology of energy prices.

Wage growth remains the main driver of domestic inflationary pressures in 2025.

GDP Deflator Decomposition

(In percentage points, contribution to y/y GDP deflator growth)



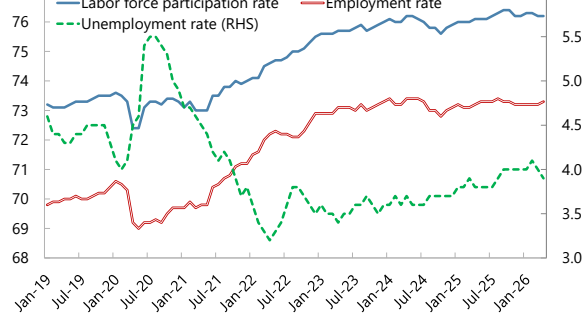
Sources: Haver Analytics; and IMF staff calculations.

Figure 3. The Netherlands: Labor Market and Wage Developments

The unemployment rate increased through 2025, while LFPR and employment rate remained broadly flat.

Unemployment, Employment, and Labor Force Participation Rates

(In percent, 15-74 years old, seasonally adjusted)

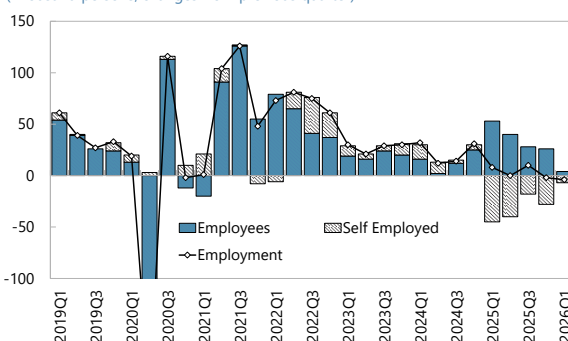


Sources: Haver Analytics and IMF staff calculations.

The number of self-employed fell sharply in 2025 following legislative changes.

Employment Growth

(Thousand persons, changes from previous quarter)

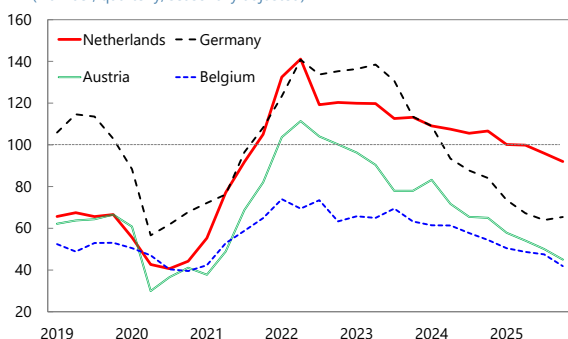


Sources: Haver Analytics and IMF staff calculations.

Jobseekers began outnumbering vacancies in Q3 2025; vacancies remain higher than in other EA countries.

Vacancies per 100 Unemployed

(Number, quarterly, seasonally adjusted)

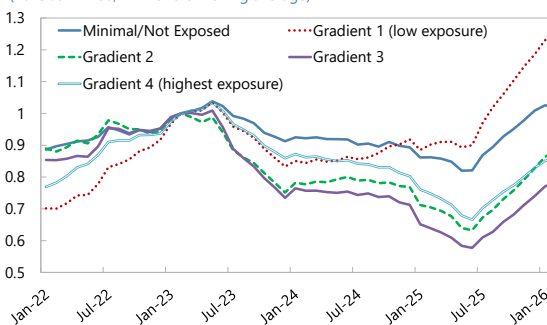


Sources: Haver Analytics; and IMF staff calculations.

AI may have reduced job openings of some occupational groups.

Online Job Openings by AI Exposure

(2023 Jan = 100, 12 months moving average)

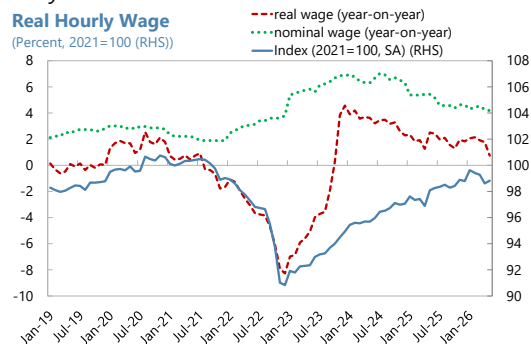


Sources: UWV and IMF staff estimation.

Note: AI exposure is based on the study by Gmyrek et al. (2025)

Figure 3. The Netherlands: Labor Market and Wage Developments (concluded)

Before the re-emergence of inflation, real wages had nearly returned to 2021 levels....

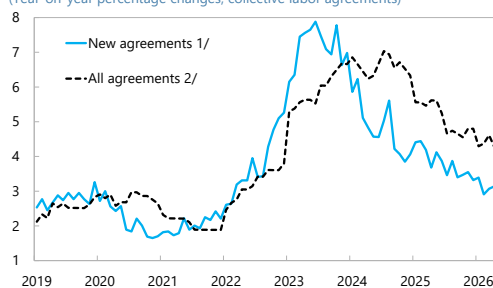


Sources: Haver Analytics and IMF staff calculation.

Note: Deflated by HICP accounted for a change in methodology of energy prices

...and wage agreements pointed to normalization, helping to ease services price pressures.

Collectively Agreed Wages: Existing and New Contracts
(Year-on-year percentage changes, collective labor agreements)



Sources: AWWN, CBS, and Haver Analytics.

1/ Wage growth in new collective labor agreements (12 month average).

2/ Monthly wage growth in all collective labor agreements; wage includes special payments.

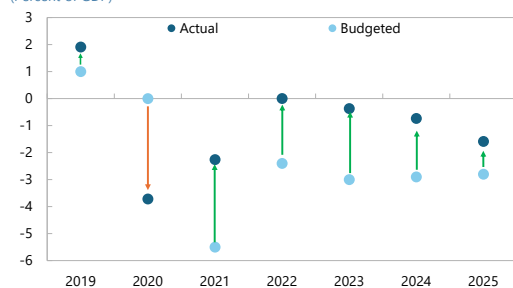
7. Fiscal policy was expansionary in 2025, despite a lower-than-budgeted deficit

(Figure 4). The overall deficit was 1.6 percent of GDP, reflecting stronger revenue and some expenditure underperformance. The cyclically-adjusted deficit widened by 1 ppt. to 1.9 percent of GDP, driven by household tax relief and higher social and defense spending. Public debt stood at 44.4 percent of GDP at end-2025.

Figure 4. The Netherlands: Fiscal Stance and Public Debt

The 2025 fiscal balance was again better than expected ...

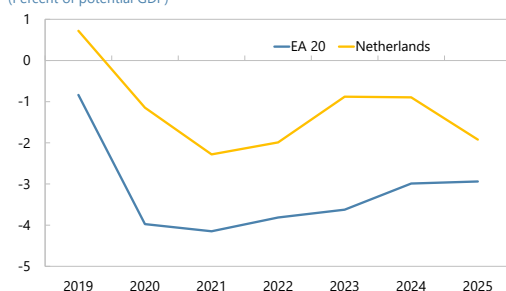
Government Balance: Budgeted vs. Actual
(Percent of GDP)



Sources: Ministry of Finance, CBS, and IMF staff projections.

Fiscal balances remained above EA average.

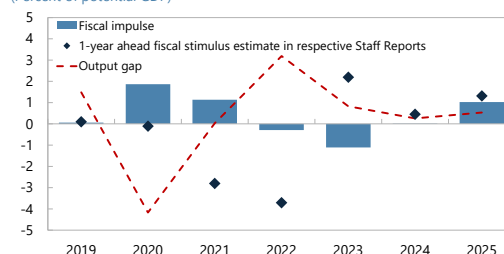
Cyclically Adjusted Balance
(Percent of potential GDP)



Sources: IMF's World Economic Outlook and IMF staff projections.

...but remained expansionary reflecting measures to support purchasing power.

Fiscal Impulse
(Percent of potential GDP)

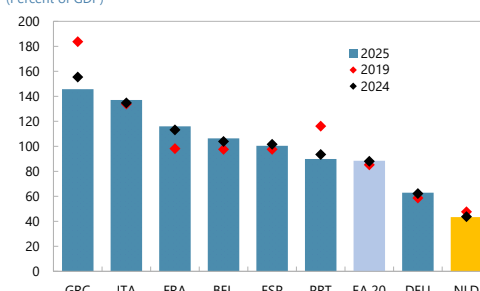


Sources: CBS and IMF staff calculations.

Notes: Fiscal impulse is calculated as the annual change in the cyclically adjusted balance. Since there was no SR in 2020, the published data from the October 2020 WEO was used for 2021.

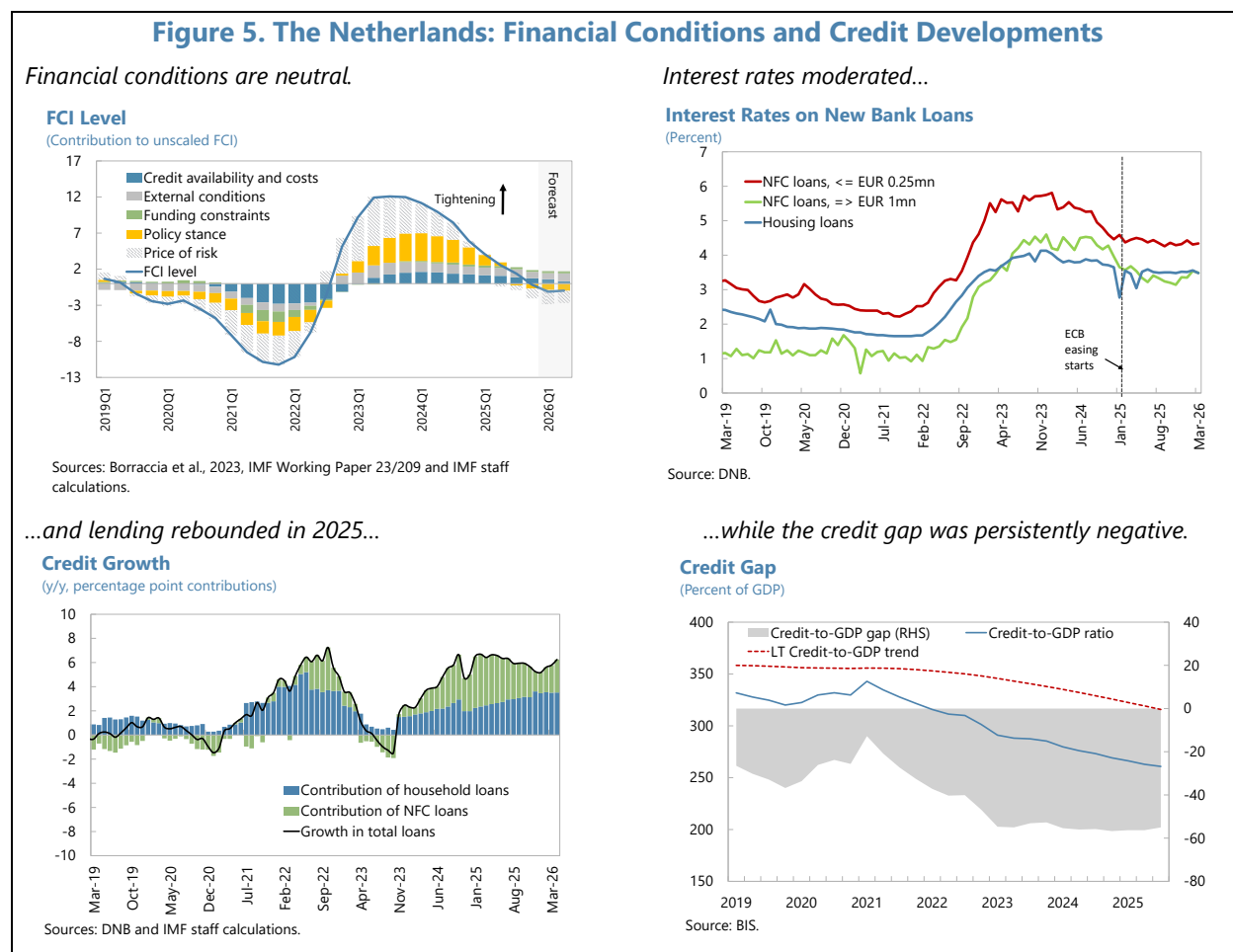
Public debt declined stood at 44.4 percent of GDP, remaining among the lowest in Europe.

Public Debt
(Percent of GDP)



Source: IMF's World Economic Outlook.

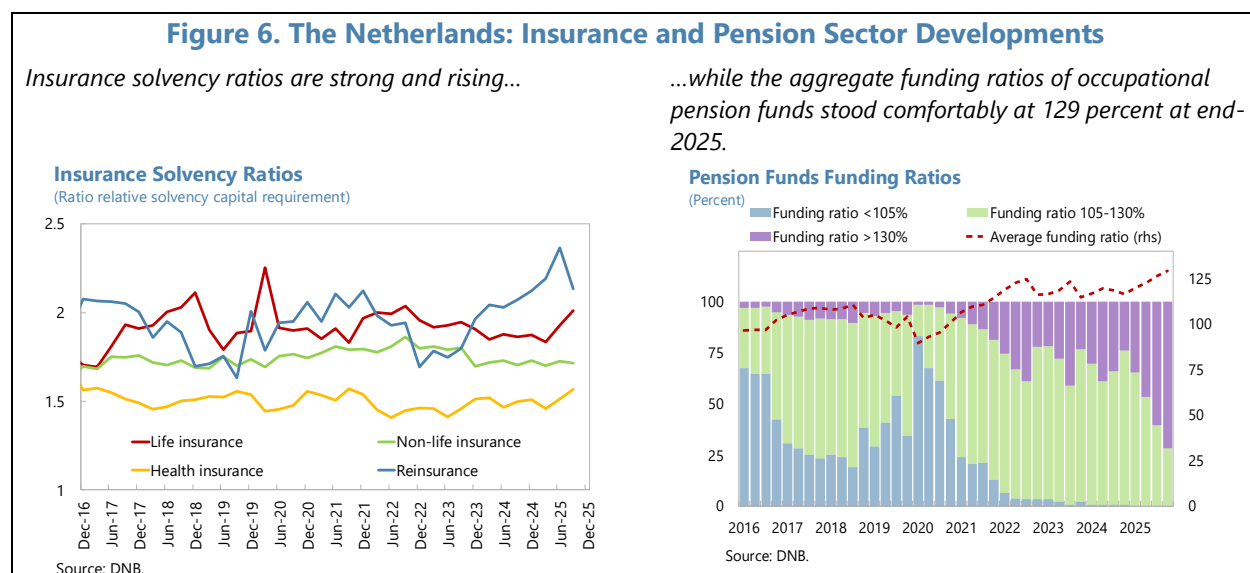
8. Financial conditions have remained neutral; private sector credit growth remained below trend (Figure 5). Credit to households accelerated, reflecting higher demand for mortgages. Meanwhile, credit to firms moderated in line with subdued business investment and an increase in the corporate risk premium that translated into a 20 bps increase in rates on loans to large enterprises in 2025:H2. The widening of the credit gap halted but a large negative gap persists.¹



9. Financial sector metrics are sound. The banking sector is profitable, liquid, and well capitalized, and NPLs are low (Table 4). Insurance and occupational pension fund (PF) fundamentals are strong (Figure 6). Commercial real estate developments in 2025 signaled lower risks: investment transactions and volumes were up in 2025:H2, and vacancy rates down or stable across segments. House prices continued to rise, albeit at a slower pace (4.3 percent y/y growth in April, from 11.5 percent y/y in January 2025), keeping valuations high and financial stability risks from housing significant (Figure 9 and ¶138).

¹ Alternative measures of the credit-to-GDP gap suggest a narrower but still-negative gap overall, with credit to nonfinancial corporations below trend, but household credit (especially mortgage loans) trend-consistent.

10. Based on preliminary estimates, the external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies (Annex I). The current account (CA) surplus narrowed from 9.1 percent of GDP in 2024 to 7.9 percent in 2025, due to lower investment income and current official transfers. The goods trade surplus widened from 7.2 percent of GDP in 2024 to 7.4 percent in 2025, as stronger exports—chemicals, pharmaceuticals, machinery—offset higher imports. The CA surplus has been sizable since the late 1990s, mostly due to high corporate savings (Annex VII). With limited government levers to affect multinationals' profit sharing and redistribution, reducing external imbalances will require sustained efforts to raise public investment and foster private investment. The new government's plans to increase R&D spending, advance climate transition, and expand residential investment are appropriately aligned.



OUTLOOK AND RISKS

11. Near-term growth prospects are unusually uncertain; imbalances will remain elevated.

In the baseline, which assumes no further sustained spike in energy prices, growth is projected to moderate to 1.0 and 1.3 percent in 2026 and 2027.² While headwinds from the war (Annex VI) would be partly offset by recent momentum and public expenditures, higher energy prices will squeeze households and firms and weaker confidence will weigh on private consumption and investment. The still-positive output gap will close by 2027. External demand will weaken as geopolitical tensions affect trading partner growth. Medium-term growth will decline to 1.2 percent with ageing. The CA surplus will narrow gradually, reflecting higher investment, but remain elevated.

12. Higher energy prices will push inflation up, delaying its return to target. Headline inflation will increase to 3.1 percent in 2026, driven by higher energy prices and pass-through. As conditions differ from those during the larger 2022 energy shock, including labor market slack and energy transition progress, second-round effects are projected to be more muted. Still, spillovers

² The baseline is consistent with the July 2026 World Economic Outlook Update.

from high energy prices will slow normalization of collective wage agreements, keeping headline inflation elevated at 2.5 percent in 2027. Core is projected to return to 2 percent only by early-2028; headline is expected to remain above 2 percent in 2028 due to ETS2 implementation before converging to target. Financial conditions are expected to remain neutral in 2026, despite risk-off sentiment linked to tensions in the Middle East.

13. Risks to the outlook are elevated and tilted to the downside for growth and upside for inflation (Annex II).

- **External risks dominate in the near term.** An escalation of geopolitical tensions—for example, in the Middle East—and renewed trade policy disruptions could disrupt supply chains, undermine exports and investment, and weaken momentum. A sharp, sustained energy price rise would amplify second-round effects, with higher inflation possibly feeding into wage agreements and firms passing rising labor costs onto prices (Annex VI). A disorderly correction in expectations of AI-led gains could tighten financial conditions and weigh on external demand, including for semiconductor exports.
- **Domestic risks center around the economy’s adjustment capacity.** Lack of consensus could delay reforms and leave bottlenecks unresolved, notably nitrogen and grid congestion, weighing on investment. Persistent labor shortages and skills mismatches risk constraining productivity growth and limiting the reallocation of resources to higher-growth activities.

Authorities’ Views

14. The authorities broadly shared staff’s views on the outlook and emphasized the high degree of uncertainty. They agreed that growth will decelerate due to the Middle East war, as business investment and household consumption weaken and exports moderate. They concurred that inflationary pressures could rise in case of persistently higher energy prices and second-round effects. They viewed the likelihood of widespread supply disruptions as small but acknowledged downside risks to growth and upside risks to inflation given uncertainty on the conflict’s duration and scope.

15. The authorities noted that their response to the energy price shock was aimed to protect vulnerable households and businesses, preserving price signals and incentivizing the energy transition. They emphasized the robustness of their scenario-based contingency framework, which helps set expectations about the policy response by calibrating support to the shock’s severity and ensuring measures are timely, temporary and targeted. They stressed that the approach fosters energy independence and accelerates the energy transition.

POLICY DISCUSSIONS

Given weak investment and binding constraints in energy, nitrogen, labor, and housing, policies should focus on growth and resilience through sustained investment, innovation, and deeper EU integration. Fiscal policy should remain cautious in the near term given tight labor markets and risks of renewed

energy-driven inflation, while shifting further toward public and private investment—in defense, infrastructure, housing, innovation—to spur productivity and rebalancing. Faster implementation of structural reforms, sharper identification of gaps, and targeted action to crowd in private investment would boost innovation-led growth and rebalancing. The Netherlands is well-placed to advance complementary EU-level reforms to help resolve challenges facing innovative firms—scale, market access, capital-market depth, energy security, resilience in a fragmented world. The financial system, a critical enabler, remains resilient with broadly appropriate macroprudential settings; targeted action is warranted to reduce vulnerabilities in housing, nonbank finance, and during the pension transition.

A. Fiscal Policy

Near-Term Stance

16. The government is implementing a limited set of measures in response to higher energy prices, showing near-term policy restraint. Spending measures amounting to just 0.03 percent of GDP focus on vulnerable households and energy-intensive SMEs, plus housing-related energy investment loans and subsidies. Revenue measures of a similar size include a temporary reduction in road taxes for vans and trucks and an increase in the untaxed mileage allowance. Part of the package, mostly revenue measures, is in place and offset by expenditure reallocations, with the remainder incorporated in 2027 and financed by marginal tax adjustments.³ One costly legacy measure (0.1 percent of GDP)—fuel excise reduction in response to the 2022 shock—remains largely in place.

17. A neutral stance remains appropriate. Cyclically-adjusted deficits of 2¼ percent over 2025–2031 imply a broadly neutral stance, appropriate given continued overperformance and weakening growth. Still, the recent inflation uptick warrants caution. With the output gap closing from above and labor markets still tight, higher energy prices could reignite inflationary pressures. The government's cautious approach to additional energy support is appropriate, allowing price signals to operate while preserving flexibility should pressures intensify (Annex VI). Any expansion of support, driven by a more severe energy price shock or parliamentary decisions, should be offset while protecting growth-enhancing spending. If macroeconomic conditions allow, some fiscal space could be used to support implementation of key reforms (¶120).

18. The coalition agreement rightly prioritizes investment and reforms but hinges on parliamentary support and implementation capacity. Plans for higher defense spending, support for innovation-led growth, and measures to ease bottlenecks (nitrogen, grid, skills) and boost housing supply are broadly consistent with previous staff advice (Annex V). They are incorporated in the fiscal framework and supported by identified adjustment and revenue measures (Box 1). Funds are allocated through 2035 for indirect cost compensation of energy intensive industries to level the playing field vis-à-vis the EU and avoid carbon leakage (Section B and Annex VIII). Uncertain parliamentary majorities and sensitivity of several measures pose risks of delays and dilution. Staff's

³ See [Government Gazette 2026, 18302 | Overheid.nl > Official Announcements](#).

baseline assumes gradual, partial implementation, with some investment underspending and slightly faster increases in health and aging spending. Uncertainty around approval of proposed measures requires conservative assumptions on reform yields. Deficits could drift toward 3 percent of GDP over the medium term. Implementation capacity risks highlight the need for careful sequencing and prioritization of expenditure. Compromises should protect growth-enhancing investments, especially in infrastructure and education.

Box 1. The Netherlands: 2026 Coalition Agreement and Spring Memorandum

The 2026 Coalition Agreement outlines the new government's fiscal priorities, while the 2026 Spring Memorandum embeds those in an expenditure and revenue framework for 2026–31.

Box 1. Table 1. The Netherlands: Key Fiscal Measures in the 2026 Spring Memorandum¹
(Percent of GDP)

	2027	2028	2029	2030	2031
Expenditure measures	-0.1	-0.6	-0.5	-0.3	-0.7
Defense, security, and support for Ukraine	-0.2	-0.6	-0.8	-0.8	-0.9
Housing and infrastructure	0.0	-0.1	-0.1	-0.1	-0.2
Agriculture, environment, and nitrogen	0.0	-0.1	0.0	0.0	-0.2
Energy and climate	0.0	0.0	0.0	0.0	-0.1
Economy, innovation, education	-0.1	-0.1	-0.1	-0.1	-0.1
Healthcare	0.3	0.3	0.5	0.5	0.5
Social security	0.0	-0.1	0.0	0.1	0.1
Central government administration	0.0	0.0	0.1	0.1	0.1
Revenue measures	0.1	0.7	0.7	0.8	0.8
'Freedom contribution' (households and firms)	0.2	0.4	0.4	0.4	0.3
Income tax increase (first two brackets)	0.2	0.2	0.3	0.3	0.3
Sugar tax and standard VAT on horticulture	0.0	0.0	0.0	0.1	0.1
Extension of fuel excise cut on fuels for 2027	-0.1	0.0	0.0	0.0	0.0
Postponing ETS2 implementation to 2028	-0.3	0.1	0.0	0.0	0.0
Other revenue measures	0.0	-0.1	-0.1	-0.1	0.0
<i>Memorandum items</i>					
Net lending/borrowing (Spring memo)	-2.9	-2.5	-2.3	-2.1	-2.1
Net lending/borrowing (Staff projections)	-2.4	-2.1	-2.1	-2.3	-2.4

Sources: 2026 Spring Memorandum and IMF staff calculations.

1/ - means cost to the public sector balance.

The fiscal framework anchors discipline by constraining *ad hoc* recalibration. Trend-based fiscal policy, fixed multi-year expenditure ceilings and a strict separation of spending and revenue policies limit *ad hoc* adjustments over a cabinet period, while letting automatic stabilizers operate. If implementation of key measures—particularly in social benefits and health care—stalls, they would need to be offset rather than accommodated through fiscal easing.

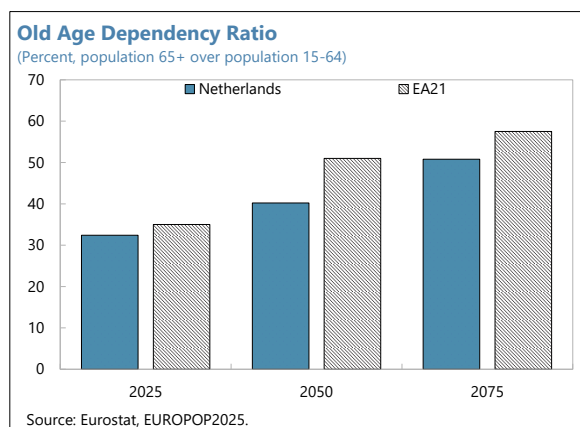
Medium-Term Spending Pressures and Priorities

19. While important for security, the defense buildup will raise medium-term fiscal pressures with limited near-term output gains. Defense spending will increase by 1½ percent of GDP to 3.5 percent of GDP by 2035, adding to other spending pressures and investment and infrastructure needs. Cross-country evidence suggests multipliers around 1 ([April 2026 WEO, Chapter 2](#)), but tight labor markets, high import leakage (60–70 percent), and a limited domestic

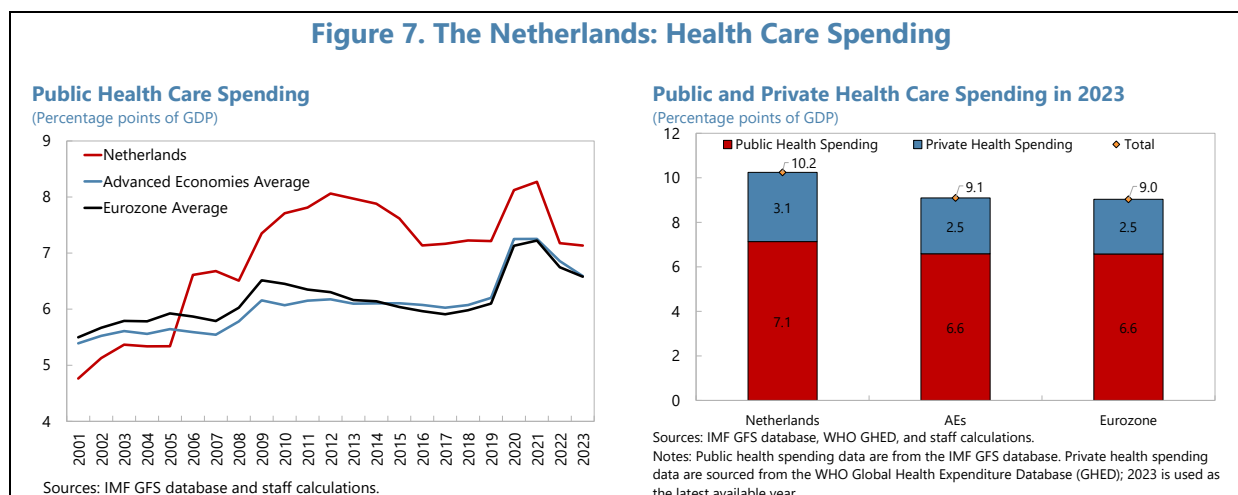
defense-industrial base suggest muted output effects ([DNB, 2025](#) and [CPB, 2025](#)). The planned 30 percent personnel expansion to 100,000 by 2030 may worsen labor shortages and pressure wages. Maximizing spillovers while containing costs requires: (i) procurement and permitting reforms to ease absorption constraints; (ii) careful sequencing to avoid crowding out growth-enhancing investment; (iii) a focus on dual-use investments with domestic spillovers; and (iv) deeper EU-level coordination (joint procurement, harmonization, common instruments) to improve efficiency and scale.

20. With medium-term spending pressures rising, fiscal space must be used judiciously.

Debt remains low and sustainability risks are contained, with deficits and debt projected to stay below 3 and 60 percent of GDP, respectively, through 2031 (Annex III). However, health, aging, and climate-related spending will rise by 4 ppt. of GDP by 2050 ([IMF, 2025](#)). The Netherlands spends more than peers on health care (Figure 7), and the old-age dependency ratio is projected to climb from 32.4 to 50.8 percent over 2025–75. Containing costs requires prioritization, fiscal structural reforms, and prudent use of fiscal space—favoring growth-enhancing measures over untargeted support—and strengthening implementation capacity.



- **Health Care.** Planned reforms are expected to generate savings of 1 percent of GDP by 2031, through higher deductibles, ending mandatory reimbursement of non-contracted care, tighter management of the medicines package, and long-term care reforms, with additional funding for prevention and the chronically ill. Realizing these gains will require strong implementation from 2027.

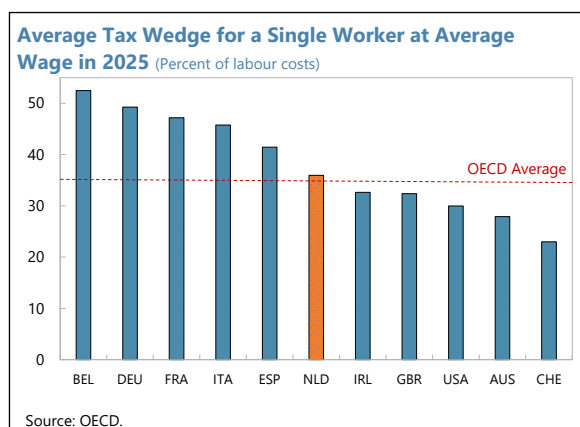


- **First-Pillar Tax-Funded Pensions.** The rising dependency ratio will exert sustained pressure on public pensions, warranting parametric reforms, as recommended by the 17th Budget Space Study Group. Following public opposition, the authorities dropped plans to fully link changes in the retirement age to life expectancy, which could have yielded savings of up to ½ percent of GDP by 2050.

Tax Policy

21. Announced revenue measures help fund priorities but rebalancing away from labor taxation would reduce distortions.

Coalition plans rely on higher labor taxes such as limited indexation of PIT brackets in 2027–28 and a permanent increase in employers' contributions ("freedom contribution"). While the labor tax wedge is broadly in line with the OECD average (text chart), this approach will weigh on participation and hours worked. Less distortive options include broadening the VAT base by reversing reduced rates (e.g., horticulture) and corrective taxes (e.g., sugar). Phasing out costly tax expenditures that have been independently assessed as ineffective, including mortgage interest deductibility (1.2 percent of GDP), would raise revenues and efficiency.⁴ A review of tax benefits would help rationalize, simplify, and improve policy consistency.



22. Reforming capital income taxation would enhance investor certainty, reduce distortions, and stabilize revenues.⁵ The current regime—taxing *assumed returns*, realized or not, with an option to prove lower actual returns—remains legally vulnerable and administratively demanding and leads to foregone revenue of 0.2 percent of GDP per year. It also creates tax-driven distortions in saving, investment, and asset allocations and disproportionately burdens low-return savers. The proposed reform to tax *actual returns*, including unrealized gains on liquid financial assets—approved by the lower house in February and now in the Senate—would improve predictability and allocative efficiency. However, addressing design issues—asymmetric gain-loss treatment, liquidity risks from taxing unrealized gains, and effects on innovative firms and smaller investors—is critical for success. Anchoring the reform in administrative feasibility, careful sequencing, and legal robustness would support implementation and tax capital more consistently and efficiently.

⁴ The Netherlands has 116 tax expenditure schemes, costing 15 percent of GDP, or 8 percent excluding major items like general tax credit (important for progressivity), the earned income tax credit (for encouraging labor supply) and the tax treatment of pension savings (OECD, 2025, Benedek and others, 2022). See: [Ministry of Finance](#).

⁵ See [2025 Article IV Staff Report](#), Box 1.

Authorities' Views

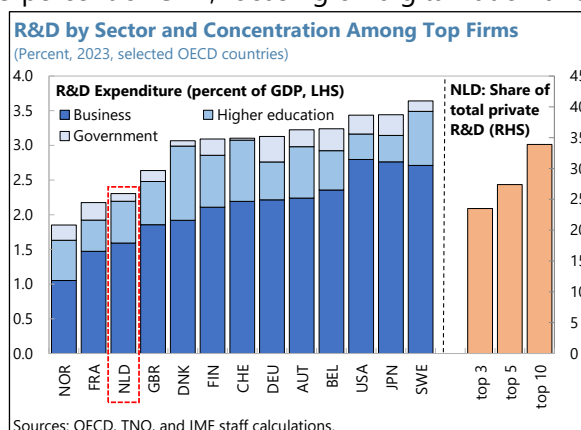
23. The authorities broadly concurred with staff's assessment of the fiscal outlook and policy priorities. On expenditures, they pointed to a reorientation toward investment alongside efforts to contain growth in healthcare spending, against the backdrop of medium-term pressures from population ageing, defense needs, and the energy transition. On revenues, they noted that planned measures such as reversing the reduced VAT rate on horticulture and introducing a sugar tax, would mark a first step toward phasing out tax expenditures and broadening corrective taxes. These measures were chosen as less distortionary ways to raise revenue and help fund the investment agenda, though they acknowledged that larger gains would require broader political support.

24. The authorities emphasized their intention to proceed with capital income tax reform toward taxing actual rather than presumed returns. They argued that the design challenges raised during the legislative process are manageable and that addressing them would support a more durable reform. They agreed that the proposal would improve on the current temporary system, while working towards implementing a realization-based approach over time.

B. Structural Policies

25. The coalition agreement emphasizes innovation in the long-term growth strategy.

Central to this is raising R&D spending by ½ ppt to 3 percent of GDP, focusing on digitalization and AI, security and resilience, energy and climate technologies, and life-sciences and biotech. The strategy seeks to strengthen innovation ecosystems and improve scale-up conditions through institutional reforms, including creation of a National Investment Institution (NII), an innovation agency (NADI), and expanded education investment. Industrial policy has become an explicit instrument; its effectiveness in delivering value for money and crowding in private investment will depend on careful identification of market and coordination failures and strong implementation. This will be particularly important as climate, energy, and mobility transitions are already supported by dedicated public funds. Realizing the full growth potential and spillovers from high-tech sector growth to the domestic economy will require easing domestic bottlenecks, notably labor and skills shortages, grid congestion, regulatory constraints, and later-stage scale-up financing frictions.



26. Strengthening innovative capacity will require increased public and private investment, particularly in R&D, data, and digital capabilities. To ensure that public support translates into durable productivity gains, private investment needs to be crowded in. High concentration of R&D among large frontier firms underscores the importance of broadening innovation diffusion across large firms and startups. A more predictable business environment—with

more certainty in tax, climate, and permitting policies—is also critical to promote private investment and innovation.

27. European policies provide a key complementary channel for innovation-led growth via reinforcing mechanisms that address scale, deployment, and market access. Further deepening the Single Market would reduce fragmentation and enable firms to operate at scale. EU-wide sector-specific initiatives focus on moving from research to market: the *Chips Act* aims to improve coordination, standards, and ecosystem development in semiconductors and advanced manufacturing; *EU digital policy initiatives and common data frameworks* support cross-border deployment of AI and digital solutions; and the *Net-Zero Industry Act* and *Clean Industrial Deal* seek to speed deployment of clean technologies through faster permitting and procurement. Progress on a *European Innovation Act* and *28th Corporate Regime* would reduce regulatory burdens and facilitate deeper EU integration.

28. Access to finance is key to support innovation, particularly as firms transition from early-stage development to growth stage. While the Netherlands has a strong (but fragmented) startup ecosystem with pre-seed, seed, and series A startups supported by public grants, venture capital (VC) and angel investors, availability of later-stage risk capital is uneven.⁶ Series B/C+ growth capital is less abundant for high-capital-intensity sectors in which regulatory hurdles, need for specialized facilities and large-scale testing equipment, and supply chain complexity make the transition from lab proof-of-concept to commercial deployment especially lengthy. Firms with products ready for early commercial deployment should in principle be financed by domestic or European VC and private equity (PE). However, raising domestic equity funding supply hinges on implementation of savings and investment union reforms to raise market liquidity and valuations.⁷ In the interim, public offerings, including EIB venture debt will remain the life blood for many scale-ups. The proposed NII could standardize funding processes, improve coordination, provide “bridge” patient series B equity capital, help better leverage series C+ EIB co financing and EU instruments, and ease compliance with EU state-aid rules. To deliver, the institution will need clear mandates, arms-length governance, and ability to crowd in private finance.⁸

Labor and Skills Bottlenecks

29. Addressing current and emerging skills shortages is critical to scaling innovation and high-tech activity (Figure 8). Estimates suggest that about half of workers could be affected by AI—through substitution or complementarity—highlighting the importance of upgrading skills (Annex IX). The share of firms using AI has increased by 2.4 times over the past two years, pointing to rising demand for workers with advanced technological and digital skills. The government should

⁶ Pre-seed and seed firms focus on concept proving, product development, and achieving initial market traction. They typically require €10k–2 million in funding per round. Series A firms funding needs are in the €3–15 million per round range. Their focus is on scaling a proven business model, increasing revenue, and building infrastructure. Series B/C+ (growth/late-stage) firms seek €10–100+ million per round to finance expansion, marketing or acquisitions.

⁷ See [2025 Article IV Staff Report](#), Box 3 for further discussion of needed domestic capital market reforms.

⁸ See Selected Issues Paper “Sustaining High-Tech Leadership in a Fragmenting World” for more details.

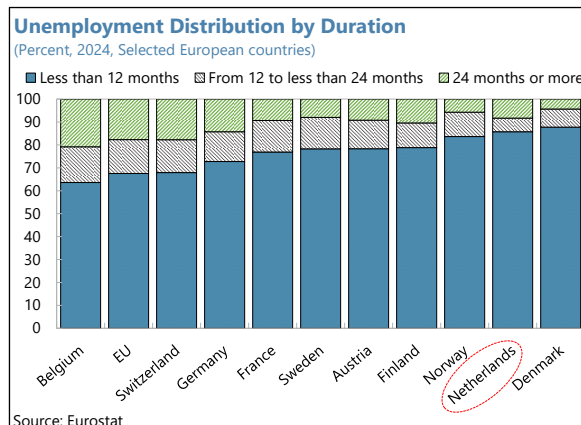
strengthen efforts to inform workers about in-demand skills and facilitate access to enhanced vocational training aligned with evolving labor market needs and AI-related skills. Removing remaining barriers to labor mobility within the EU and strengthening attraction of international talent (e.g., through streamlined recognition of foreign qualifications) could help alleviate labor and skills shortages.

30. Sustaining innovation-led growth will depend on the education pipeline (Figure 8).

While Dutch workers are relatively well educated, a recent deterioration in education outcomes among younger cohorts, including PISA scores, raises concerns about future skills supply.⁹ While the planned reversal to education spending cuts is welcome, safeguarding education system quality is critical to support skill formation and attract international students. Encouraging greater STEM enrollment—now below peers—could help prepare the workforce.

31. Targeted labor market measures could further support the adjustment as innovation reshapes employment.

While AI and digitalization will replace some tasks, they will also create new jobs and alleviate labor shortages, implying significant reallocation across sectors and occupations. This transition can be facilitated by well-calibrated active labor market policies and social protection frameworks that support mobility without discouraging work. While steps to curb false self-employment and extend disability insurance to the self-employed move in this direction, further action is needed to narrow labor market dualities. Shortening sick pay obligations for small firms—e.g., by reducing the duration of employer responsibility from currently 24 months while pooling residual risks through collective insurance—could lower the cost of open-ended contracts. Reducing use of non-compete clauses could enhance labor mobility. Proposed reductions in unemployment insurance duration could support faster re-employment, though effects may be limited given the current small share of long-term unemployment (text chart). The authorities should carefully monitor impacts and adjust duration if warranted by reemployment prospects.



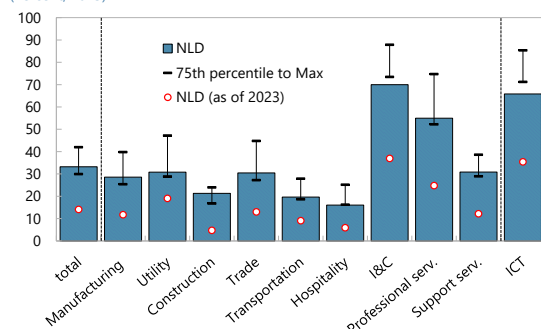
⁹ See also: 2021 [Selected Issues Paper: The Netherlands: Education Expenditure and Outcomes](#).

Figure 8. The Netherlands: Labor and Skills Bottlenecks

The share of firms using AI has increased significantly across sectors and is in the upper quartile in the EU.

Firms Using the AI Technologies Among 27 EU countries

(Percent, 2025)

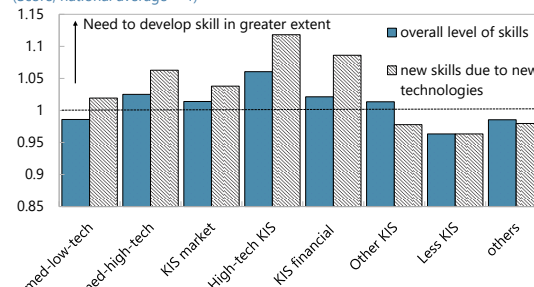


Sources: Eurostat and IMF staff calculation.

Needs for developing skills is high in knowledge-intensive high-tech and financial services.

Needs for Developing Skills by Sector

(Score, national average = 1)



Sources: European Skills and Jobs Survey (2nd) and IMF staff estimation.

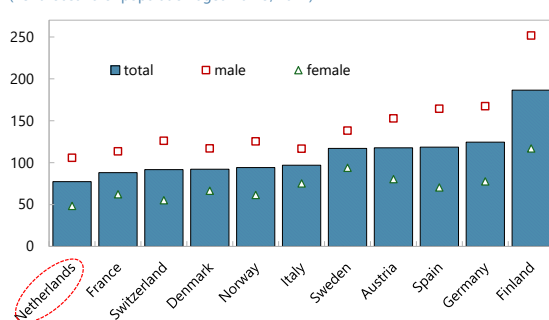
Note 1: Estimates by controlling for age, education, working hours, and contract.

2: KIS = Knowledge Intensive Services.

STEM enrollment is low compared to peers for both males and females.

Students Enrolled in STEM Education Fields

(Per thousand of population aged 20-29, 2024)

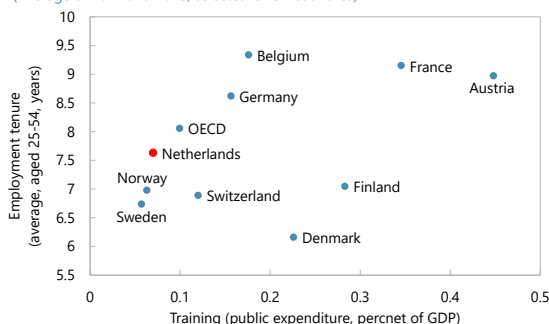


Sources: Eurostat and IMF staff calculations.

Labor mobility is around average, while training expenditure is among the lowest in the group.

Training and Labor Market Mobility

(Average of 2022 and 2023, selected OECD countries)



Sources: OECD and IMF staff calculations

Energy Security and Competitiveness

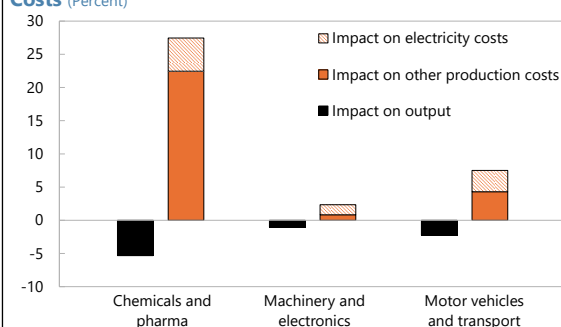
32. Insufficient grid capacity is a binding constraint on electrification, renewables, and industrial competitiveness.

Congestion, long connection queues, and uncertain access are

delaying private investment. Even with substantial grid investment underway, expansion is too slow, prolonging gas reliance and keeping electricity prices high. [DNB](#) finds rising wholesale prices and grid tariffs drove output declines in chemicals and metals over 2018–25. High energy prices, network charges, and ETS costs could pose risks to competitiveness in high-tech sectors such as chemicals and pharmaceuticals, where recent energy price increases could raise production costs by 27 percent and cut output by nearly 5 percent (Annex VIII). Plans rightly focus on faster permitting for high-voltage infrastructure, and on

Impact of Higher Energy Prices on Output and Production Costs

(Percent)



Source: IMF staff estimates.

Note: See Annex VII for details.

better use of existing capacity through dynamic, congestion-based pricing from 2028 shifting demand from peak hours, and expanding battery storage to stabilize the grid ([ACM, Focus on Energy, 2026](#)). The planned extension of the [ICC scheme](#) also provides targeted relief and preserves incentives by linking support to firm-level energy- and CO₂-reduction plans. Reducing gas dependence requires accelerating grid expansion, alongside deeper EU energy market integration to lower costs.

Progress Addressing Nitrogen Bottlenecks

33. The coalition agreement renews focus on reducing excessive nitrogen emissions, a legal and economic constraint on investment.¹⁰ Insufficient progress, particularly in agriculture, has prolonged legal and permitting uncertainty and delayed housing, infrastructure, and industrial projects. To comply with EU law and recent court rulings, the agreement commits to legally-binding, sector-specific reduction targets for 2030 and 2035 supported by the reactivated Nitrogen Fund, with a €20 bn (1.7 percent of GDP) multi-year allocation for investment in agriculture, nature, and nitrogen emissions reduction. The package funds emissions-reduction, support for agriculture, nature management, water quality, area-specific measures, an orderly agricultural transition through voluntary buyouts, relocation support, and investment in cleaner technologies. While an important step, the framework should be strengthened with explicit pricing instruments—such as emission feebates—to improve cost-effectiveness and measures to reduce permitting uncertainty and strengthen legal credibility.

Resilience Under Geoeconomic Fragmentation

34. High-tech-driven growth requires resilience through diversification, managed interdependence, and close EU coordination. The Netherlands operates at the technological frontier, with strong clusters in semiconductors, photonics, fintech, and agrifood; ambitious expansion plans underscore growth potential but also expose bottlenecks in infrastructure, skills, and permitting. Reliance on foreign inputs (30 percent of high-tech exports) and demand (60 percent of domestic value added), particularly from Germany, the U.S., and China, heightens vulnerabilities to fragmentation and supply chain disruptions. Vulnerabilities stem not only from concentrated input sourcing but also from concentrated control over critical assets, underscoring the need to reduce single-point failures by broadening the supplier base and identifying critical dependencies early through transparent, rules-based screening. Enhancing resilience requires leveraging strategic interdependencies—relying on global value chains while managing critical dependencies—supported by EU initiatives such as the Chips Acts, including for back-end capacity and deeper single market and capital market integration. In defense and dual-use technologies, targeted domestic action with EU-level coordination, common procurement, and use of European financing instruments can help anchor demand and scale value chains. Even so, the sector will remain exposed to geoeconomic fragmentation and rapid technological change.

¹⁰ See [2025 Article IV report](#), Annex VIII.

Authorities' Views

35. The authorities agreed that sustaining investment and productivity growth requires easing domestic bottlenecks while also advancing deeper EU integration. They shared the diagnosis that grid congestion, nitrogen-related permitting uncertainty, and labor and skills shortages are weighing on investment, scaling, and productivity growth, and stressed the importance of faster implementation to ease these constraints. They pointed to ongoing efforts to tackle these constraints, including record grid investment, measures to accelerate permitting and improve flexible grid use, and reforms to reduce labor market duality, expand training and reskilling, and ease skills shortages. They also noted that access to finance, particularly equity financing for firms transitioning from early-stage development to growth stage, needs strengthening, and highlighted the potential role of the NII. They agreed that deeper EU integration is needed to reduce fragmentation, improve market access, and help firms scale; strengthening resilience requires trade diversification, careful management of strategic dependencies, and stronger EU-level coordination.

C. Financial Sector Policies

36. Financial stability risks remain significant: some structural and cyclical vulnerabilities have abated but others may be emerging. Corporate bank credit risk has declined as corporate debt dropped (from 178 percent of GDP in 2024Q3 to 170 in 2025Q3). A modest fall in household debt, together with a declining household debt-to-income ratio and lower mortgage-provider exposure to interest-only loans signals reduced structural risks, amid rising house prices and valuations. Commercial real estate developments also signal lower risks (¶19). Overall bank credit portfolios remain sound, with NPLs low (below EA average). Bank exposure to domestic and U.S. sovereign risk has declined. In insurance, pressures on health and non-life insurers eased. Claims inflation—driven by higher building costs, wages and medical costs—had strained profitability but was declining before the Middle East conflict. However, occupational PFs exposure to high-debt EA sovereigns remains significant. They remain vulnerable to margin calls on interest rate derivatives, with liquidity contingent on access to repo markets. Meanwhile, complex linkages between banks and non-banks in private credit markets may be strengthening, raising the risk of contagion from shocks to the investment fund subsector to banks, PFs, and insurers. The size, frequency and notice periods for redemptions for many investment funds are restrictive, and investors are PFs, which are unlikely to face sudden pressure to redeem assets, reducing run risk. While this provides comfort, continued close monitoring of liquidity mismatches in real estate and corporate bond funds is warranted.

37. Macroprudential buffers are appropriate, given the combination and level of risk. The countercyclical capital buffer has remained at the 2 percent positive neutral rate since May 2024, reflecting broadly stable cyclical systemic risks and declining but still significant structural risks. Buffers for systemically-important banks remain in a 0.25–2 percent CET1-to-risk-weighted-assets ratio range. The authorities should stand ready to release buffers should downside macro risks materialize or financial conditions significantly tighten.

38. Tighter borrower-based macroprudential policy is needed to improve affordability and reduce financial stability risk from housing. Housing valuations remain among the highest in Europe. Risks are partly mitigated by rising real disposable incomes, a large share of fixed-rate mortgages, full legal recourse in case of default, and risk-weight floors. However, still-high household debt warrants additional tightening of macroprudential borrower-based measures. In line with 2024 FSAP recommendations, maximum LTV limits should be lowered further to 90 percent, mortgage-interest deductibility gradually phased out, and borrowers further incentivized to reduce reliance on interest-only mortgages.

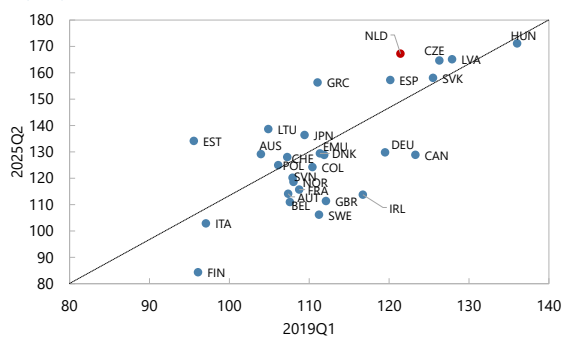
39. Addressing the housing shortage will require ambitious supply side reforms. Given binding supply constraints, the current macroprudential settings put upward pressure on house prices. Complementary supply-side reforms are needed. Policies aimed at rental affordability, especially rent controls, disincentivize residential investment. The coalition agreement includes several measures that could boost supply. These include limiting construction objections, reducing fragmentation in local construction regulations, and simplifying and easing land-use policies. These measures, together with greater harmonization of EU directives and regulations affecting the housing sector, are useful, but transformational impacts will remain challenging. An overhaul of rental market regulation and stronger financial incentives (and higher profitability) for mid-segment private developers and investors are needed to effectively and durably tackle the housing crunch.

Figure 9. The Netherlands: Housing Market Developments

Housing valuations are among the highest in Europe...

House Price-to-Rent Ratio

(Index)

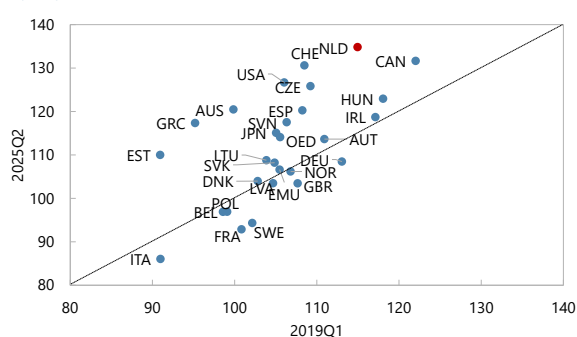


Source: OECD.

...and continue to increase.

House Price-to-Income Ratio

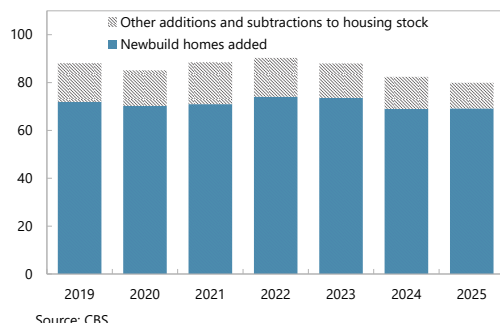
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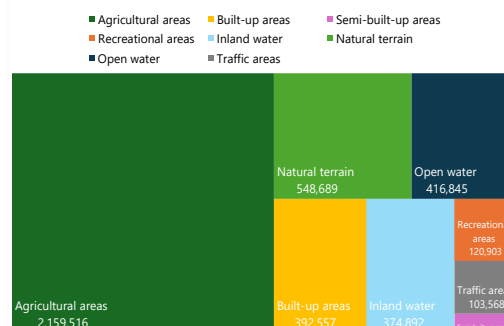
Source: OECD.

Figure 9. The Netherlands: Housing Market Developments (concluded)

Supply has increased by less than the planned 100,000 extra units each year, too slowly to match the fast-increasing demand...

Additions to Housing Stock
(Thousands)

...due in part to stringent land-use policies that keep total (residential) built-up areas limited.

Land Use, 2022
(Hectares)

40. The second pillar occupational pension system transition is advancing; continued monitoring and proactive management of risks remains warranted. PFs held €1.6 trillion (136 percent of GDP) in assets at end-2026Q1, 30 percent of which were invested domestically and another 30 percent in other EA countries. On January 1, €0.6 trillion in assets were transitioned from defined-benefit to defined-contribution, with remaining funds to complete the transition by 2028.¹¹ Regulatory flexibility to avoid forced asset sales under adverse market conditions, together with staggered implementation, has helped mitigate market and liquidity risks. The reform is expected to reduce structural demand for long-dated bonds and interest rate swaps and could increase demand for equity at the margin in the medium to long term. The PF transition is one of many factors affecting short- and long-term yields. The steepening of EA yield curves, especially the 10s30s curves, wider swap spreads, and high implied volatility in 30-year swap options are consistent with an anticipated €100–150 billion reduction in structural demand for long-term hedges. This suggests that the transition is priced in (Figure 10). However, changes in PF demand for hedges are difficult to forecast, particularly in the short term, as PFs that transition sell their hedges to other PFs aiming to raise their funding ratios ahead of their transition. Overall, PFs rebalanced portfolios towards debt in 2025, against expectations of increased equity holdings amid transition.¹² The rulebook of the largest PF to transition so far (€0.5 trillion AUM) includes significantly higher hedging ratios than the market anticipated due to lower-than-market-expected fund member risk tolerance.¹³ Close monitoring and proactive management of resources and legal risks by DNB and the Authority for Financial Markets (AFM) have helped keep the transition orderly (Annex IV, recommendation 19) and should continue.

¹¹ See [2025 Article IV report](#) Box 2 for context of the second pillar pension reform.

¹² PFs sold €12 billion in U.S. and €5 billion in European equities, while purchasing €27 billion in European debt securities.

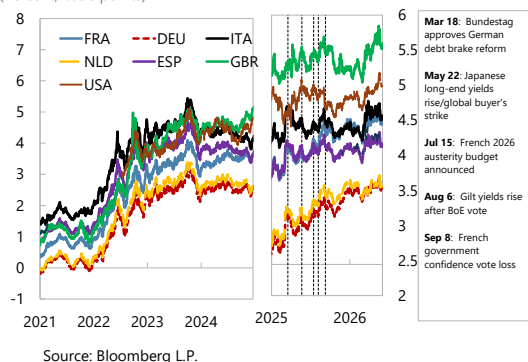
¹³ Demand also depends on the underlying age structure and associated cash flow of each fund, the total assets on the day of transition, and the timing of rebalancing of hedges (in anticipation of transition, or within the allowed 12-month window for asset allocation adjustment following transition).

Figure 10. The Netherlands: Pension Transition and Interest Rate Instrument Markets Developments

Longer-end bond rates are increasing...

30-Year Government Bond Yields

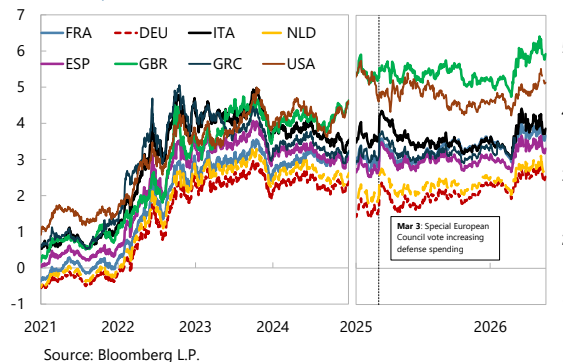
(Percent, basis points)



...while short-end rates are falling, steepening EA bond yield curves.

10-Year Government Bond Yields

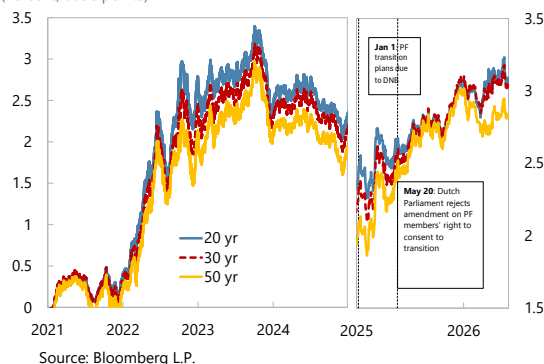
(Percent, basis points)



Similarly, long-end swap rates are increasing...

Euro Area Long-End Interest Rate Swaps

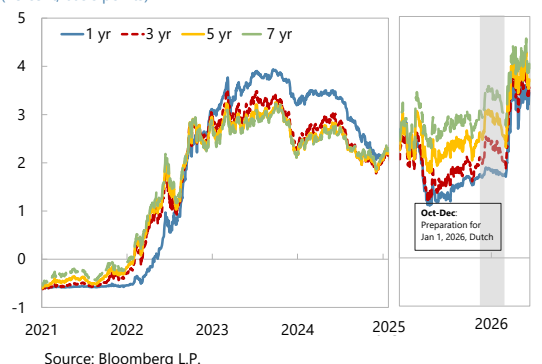
(Percent, basis points)



...while short-end swap rates were decreasing before the onset of the conflict in the Middle East.

Euro Area Short-End Interest Rate Swaps

(Percent, basis points)



41. The authorities are implementing FSAP advice but several key recommendations requiring governance framework reforms and legislative action remain unaddressed (Annex IV). Legislation to ensure that supervisory authorities have access to granular transactions/loan-level data for risk monitoring is moving through the legislative process. Methodologies for system-wide stress testing to assess contagion effects across banks and NBFIs are being developed. Climate-risk perspectives are being incorporated into banking and insurance supervision and collaboration among DNB supervisors and stress testers on climate stress testing was enhanced. DNB clarified the Financial Supervision Act's legal requirements for independence of supervisory board members in recent guidance to the sector. Implementation of financial integrity and crisis management recommendations is also advancing. However, no changes to the institutional macroprudential policy framework were made. The MOF has updated its methodology for borrower-based measure calibration, formally incorporating recommendations from DNB and AFM to lower financial stability risks. However, there are no plans to recalibrate borrower-based tools. They should be recalibrated

to cool the residential real estate market and reduce structural stability risks from housing (¶138). Calibration powers should be transferred from the MOF to DNB to depoliticize decisions. Measures to strengthen financial institutions' legal requirements to periodically report updated information on the financial situation of holders of mortgages with an interest-only component also remain pending.

Authorities' Views

42. The authorities broadly shared staff's views on systemic financial risks and noted the assessment of macroprudential buffers as commensurate with these risks. The risk-weight floor will not be extended beyond end-2026, and there are no plans to recalibrate borrower-based macroprudential tools. The authorities view this as justified given banks' level of resilience to systemic housing market risks. They also point to the decline in the prevalence of interest-only mortgages, aided by ineligibility for mortgage interest deduction since 2013, and lenders' response to supervisory expectations on sound risk management (SSM/DNB) and timely communication with customers about potential risks and solutions (AFM).

43. The authorities highlighted progress in implementing some FSAP recommendations, while considering parts of the current framework appropriate. They noted the significant improvement in stress testing frameworks, integrating climate-risk in supervision, strengthening on-site insurer inspections, and tapping alternative datasets to better monitor NBFI credit risk and assess contagion effects across banks and NBFIs. The amendment to DNB Bank Act and subordinate legislation that will ensure the supervisor's regular access to granular transaction data are expected to be adopted by end-2026. The legislative process improving AFM's access to granular data is also in progress. Resources for AML/CFT were augmented. However, the authorities believe that current legal arrangements are sufficient to ensure the independence of financial institution board members; this was clarified in recent guidance. The authorities also continue to stress the adequacy of the current borrower-based macroprudential framework. Its governance was improved by giving a more formal role to DNB, AFM, and CPB: their recommendations are now recognized as a formal element in the Ministry's calibration decision. The MOF's review of DNB/AFM Vision on Supervision and the review of the two supervisory agencies' financing completed in 2025 assessed DNB and AFM supervisory powers and budgetary autonomy as sufficient.

STAFF APPRAISAL

44. Despite strong starting conditions, the war in the Middle East has again tested economic resilience. Near-term prospects are unusually uncertain: energy prices have increased, inflationary pressures are re-emerging, growth is moderating, and supply-chain tensions are building. Structural bottlenecks, high savings, and low investment continue to limit the economy's capacity to adapt.

45. Given the unusually uncertain outlook, the government's response to the energy price shock is appropriate. Planned support is well targeted, restrained, and preserves price signals by focusing on vulnerable households, energy-intensive SMEs, and housing-related energy investment.

Broader measures, such as price caps or VAT and fuel-tax cuts, would be costly, weaken incentives for conservation and transition, and difficult to unwind, as shown by the fuel-excise reduction introduced during the 2022 energy crisis, which remains largely in place. The government's contingency framework appropriately calls for support to be scaled with shock severity.

46. Fiscal plans are well calibrated to slowing growth, provided energy-related risks are managed prudently. The broadly neutral stance over 2026–31 is appropriate. Automatic stabilizers should remain the main macroeconomic buffer, including in a severe scenario, where use of fiscal space could be directed toward energy security and the energy transition. The budget-neutral design of energy support will help contain fiscal and demand pressures in a tight labor market and remaining excess demand.

47. The coalition agreement rightly prioritizes investment and structural reforms but success hinges on parliamentary support and implementation capacity. Proposed measures to invest in defense readiness, ease structural bottlenecks, and support innovation-led growth are incorporated in the fiscal framework and backed by adjustment and revenue measures. Uncertain parliamentary majorities raise risk of delays and uneven implementation. Any compromise should protect growth-enhancing investment, especially in infrastructure and education.

48. As medium- and long-term spending pressures intensify, fiscal sustainability will depend on progress with fiscal structural reforms. Fiscal space is substantial, but over time, spending pressures from defense, health care, aging, and climate will intensify. While planned healthcare reforms are expected to generate sizeable savings of 1 percent of GDP from the early 2030s, realizing these will require strong implementation and prioritization. Even then, curbing aging-related spending pressures will also require parametric reforms in the tax-funded old-age pension system.

49. Easing structural bottlenecks is critical to raise investment, lift medium-term growth, and reduce elevated external imbalances. The external position in 2025 was stronger than implied by medium term fundamentals and desirable policies based on preliminary assessment. Despite high corporate savings, private investment remains subdued, limiting supply expansion and slowing external rebalancing. Priorities include accelerating grid expansion and permitting, resolving nitrogen-related constraints, strengthening skills, and facilitating labor mobility, as structural shifts—including from AI and digitalization—reshape labor demand. Addressing domestic barriers to firm scaling, including by better identifying financing gaps for growth-stage firms and crowding in private investment, is essential to sustain innovation-led growth and gradually reduce external imbalances. As industrial policy is increasingly steering investment, initiatives need to be managed effectively and be targeted to where externalities or market failures prevent effective market solutions, while minimizing trade and investment distortions.

50. Supporting innovation-led growth requires strengthening high-tech resilience through diversification and EU-level coordination amid rising geopolitical tensions. The Netherlands operates at the technological frontier, with strong clusters including in semiconductors, photonics, fintech, and agrifood. Expansion plans underscore growth potential, but also expose bottlenecks in

infrastructure, skills, and permitting. Heavy reliance on foreign inputs and demand heightens vulnerability to fragmentation and supply chain disruptions. Enhancing resilience calls for supplier diversification, management of critical dependencies, and leveraging strategic interdependencies, supported by EU level initiatives such as the Chips Act, and, notably, deeper single and capital market integration.

51. Overall systemic stability risks in the financial sector remain significant; current capital buffer requirements should be maintained and monitoring of liquidity mismatches in real estate and corporate bond funds intensified. Tighter borrower-based macroprudential policy is needed to contain risks from housing and support affordability. Improving affordability will also require ambitious supply-side reforms to address housing shortages. Progress in strengthening system-wide stress testing, supervision, and climate risk oversight and analysis is welcome. Continued close monitoring and proactive management of risks related to the second-pillar capital-funded occupational pension system transition are essential to safeguard financial stability. Ensuring resolution and crisis-management preparedness remains a priority.

52. It is recommended that the next Article IV consultation takes place on the standard 12-month cycle.

Table 1. The Netherlands: Medium-Term Macroeconomic Framework 2022–31
(Growth rates, in percent except where otherwise indicated)

	2022	2023	2024	2025	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.	2031 Proj.
National Accounts										
Real GDP	5.0	-0.6	1.1	1.8	1.0	1.3	1.5	1.3	1.2	1.2
Domestic demand	5.0	-1.1	1.4	1.7	1.1	1.4	1.6	1.4	1.3	1.3
Private consumption	6.9	0.7	1.1	1.5	0.5	1.1	1.5	1.3	1.3	1.3
Public Consumption	1.3	2.8	3.6	1.9	2.2	1.6	1.4	1.3	1.2	1.2
Gross fixed investment (total)	3.4	1.5	-0.5	1.1	0.9	1.3	1.8	1.7	1.5	1.5
Public	-3.0	5.3	0.4	9.3	4.0	1.3	1.4	1.6	1.0	1.0
Private	4.7	0.8	-0.6	-0.5	0.3	1.3	1.9	1.7	1.7	1.7
Residential	1.1	-2.3	-1.0	3.4	1.0	1.0	1.5	1.6	1.6	1.6
Business	6.4	2.2	-0.5	-2.2	-0.1	1.4	2.0	1.7	1.7	1.7
Stocks (contribution to GDP growth)	0.5	-2.3	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Exports goods and services	4.4	-3.0	-0.2	2.4	1.1	2.2	2.6	2.6	2.6	2.6
Imports goods and services	4.4	-3.9	0.1	2.4	1.2	2.4	2.9	2.9	2.9	2.9
Domestic demand (contribution to GDP growth)	4.5	-1.0	1.3	1.5	1.0	1.3	1.4	1.3	1.2	1.2
External demand (contribution to GDP growth)	0.5	0.4	-0.2	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Output gap	3.2	0.8	0.3	0.5	0.1	0.0	0.0	0.0	0.0	0.0
Potential output growth	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.2
Gross investment (percent of GDP)	22.9	20.1	19.7	19.8	20.0	20.1	20.1	20.2	20.2	20.3
Gross national saving (percent of GDP) 1/	29.6	29.5	28.8	27.7	27.3	27.3	27.3	27.4	27.3	27.4
Prices and Employment										
Consumer price index (headline, period avg.)	11.6	4.1	3.2	3.0	3.1	2.5	2.5	2.0	2.0	2.0
Consumer price index (headline, eop.)	11.2	1.1	4.0	2.7	3.7	1.9	2.3	2.0	2.0	2.0
Consumer price index (core, period avg.)	5.4	7.3	3.5	3.2	2.6	2.4	2.0	2.0	2.0	2.0
Consumer price index (core, eop.)	8.4	3.7	4.3	2.9	2.8	2.1	2.0	2.0	2.0	2.0
GDP deflator	6.2	6.3	5.7	3.3	3.1	2.5	2.4	2.1	2.0	2.0
Employment	3.2	2.0	0.6	0.3	0.1	0.3	0.2	0.1	0.1	0.1
Unemployment rate (percent) 2/	3.5	3.6	3.7	3.9	4.2	4.3	4.3	4.4	4.5	4.5
External										
Current account balance (percent of GDP)	6.8	9.4	9.2	7.9	7.4	7.3	7.2	7.2	7.1	7.1
Public Sector Accounts (Percent of GDP)										
Revenue	43.3	43.6	43.6	43.3	43.4	43.4	44.3	44.9	45.2	45.1
Expenditure	43.3	44.0	44.3	44.9	46.1	45.8	46.4	47.0	47.5	47.6
General government balance	0.0	-0.4	-0.7	-1.6	-2.7	-2.4	-2.1	-2.1	-2.3	-2.4
Structural balance (percent of potential GDP) 3/	-0.1	-0.2	-0.9	-1.9	-2.1	-2.4	-2.1	-2.2	-2.3	-2.4
Cyclically-adjusted balance (percent of potential GDP)	-2.0	-0.9	-0.9	-1.9	-2.8	-2.4	-2.1	-2.2	-2.3	-2.4
General government debt	48.4	45.8	43.8	44.4	45.3	45.7	45.8	46.3	47.1	48.0

Sources: Dutch official publications, International Monetary Fund, International Financial Statistics, and IMF staff calculations.

1/ Value implied by investment and current account data.

2/ ILO definition.

3/ Structural balance excludes one-offs.

Table 2a. The Netherlands: General Government Statement of Operations, 2022–31
(Percent of GDP)

	2022	2023	2024	2025	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.	2031 Proj.
Revenue	43.3	43.6	43.6	43.3	43.4	43.4	44.3	44.9	45.2	45.1
Taxes	25.2	26.5	26.6	26.1	26.2	26.3	26.9	27.3	27.6	27.8
Taxes on production and imports	11.5	11.3	11.2	11.2	11.2	11.2	11.2	11.2	11.3	11.2
Current taxes on income, wealth, etc.	13.4	14.9	15.0	14.5	14.7	14.8	15.3	15.7	16.0	16.2
Capital taxes	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social contributions	13.0	12.8	12.6	12.9	12.9	13.1	13.3	13.4	13.5	13.3
Grants	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Other revenue	4.8	4.0	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Expenditure	43.3	44.0	44.3	44.9	46.1	45.8	46.4	47.0	47.5	47.6
Expense	43.1	43.7	44.0	44.3	45.6	45.3	45.9	46.5	46.9	47.0
Compensation of employees	8.3	8.5	8.7	8.8	8.7	8.6	8.6	8.6	8.5	8.5
Use of goods and services	6.1	6.4	6.7	6.6	6.8	6.8	6.9	7.1	7.4	7.5
Consumption of fixed capital	2.9	2.9	2.9	2.9	3.0	3.0	3.3	3.8	4.1	4.2
Interest	0.6	0.7	0.7	0.7	0.9	1.0	1.1	1.2	1.3	1.3
Subsidies	1.9	1.7	1.4	1.3	1.5	1.6	1.6	1.6	1.6	1.6
Grants	1.1	1.1	1.4	1.4	1.2	0.4	0.4	0.4	0.4	0.4
Social benefits	19.7	20.7	21.0	21.1	22.2	22.3	22.4	22.4	22.4	22.4
Other expense	2.4	1.7	1.3	1.5	1.5	1.5	1.4	1.3	1.3	1.1
Net acquisition of nonfinancial assets	0.2	0.3	0.3	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Net Operating Balance	0.2	-0.1	-0.5	-1.1	-2.2	-1.9	-1.6	-1.6	-1.7	-1.8
Net Lending/Borrowing	0.0	-0.4	-0.7	-1.6	-2.7	-2.4	-2.1	-2.1	-2.3	-2.4
Net Acquisition of Financial Assets	2.8	-1.0	0.2	1.2	...	...	...	...	...	...
Currency and deposits	0.8	-0.3	-0.3	0.6	...	...	...	...	...	...
Securities other than shares	0.2	-0.2	0.1	-0.2	...	...	...	...	...	...
Loans	0.5	-0.2	1.3	1.0	...	...	...	...	...	...
Shares and other equity	0.1	0.0	-0.1	-0.1	...	...	...	...	...	...
Insurance technical reserves	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Financial derivatives	-0.1	0.0	0.0	0.0	...	...	...	...	...	...
Other accounts receivable	1.2	-0.3	-0.8	-0.1	...	...	...	...	...	...
Net Incurrence of Liabilities	2.8	-0.6	0.9	2.8	...	...	...	...	...	...
Special Drawing Rights (SDRs)	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Currency and deposits	0.0	0.0	0.0	0.1	...	...	...	...	...	...
Securities other than shares	3.0	-0.7	0.7	1.8	...	...	...	...	...	...
Loans	-0.4	0.1	-0.1	0.8	...	...	...	...	...	...
Shares and other equity	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Insurance technical reserves	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Financial derivatives	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Other accounts payable	0.1	-0.1	0.3	0.2	...	...	...	...	...	...
Memorandum Items										
Primary balance	0.4	0.1	-0.3	-1.2	-2.0	-1.6	-1.2	-1.1	-1.3	-1.3
Structural balance (percent of potential GDP) 1/	-0.1	-0.2	-0.9	-1.9	-2.1	-2.4	-2.1	-2.2	-2.3	-2.4
Structural primary balance (percent of potential GDP)	0.5	0.5	-0.2	-1.2	-1.2	-1.4	-1.0	-0.9	-1.1	-1.1
Cyclically-adjusted balance (percent of potential GDP)	-2.0	-0.9	-0.9	-1.9	-2.8	-2.4	-2.1	-2.2	-2.3	-2.4
Gross Debt	48.4	45.8	43.8	44.4	45.3	45.7	45.8	46.3	47.1	48.0
Output gap	3.2	0.8	0.3	0.5	0.1	0.0	0.0	0.0	0.0	0.0
Nominal GDP (billions of euros)	993.8	1050.1	1121.5	1179.5	1228.5	1275.6	1325.7	1370.9	1415.2	1460.8
Nominal GDP growth (percent)	11.5	5.7	6.8	5.2	4.2	3.8	3.9	3.4	3.2	3.2
Real GDP growth (percent)	5.0	-0.6	1.1	1.8	1.0	1.3	1.5	1.3	1.2	1.2
GDP deflator growth (percent)	6.2	6.3	5.7	3.3	3.1	2.5	2.4	2.1	2.0	2.0

Sources: The Netherlands' Bureau for Economic Policy Analysis (CPB), Ministry of Finance, Eurostat, and IMF staff calculations.

1/ Structural balance excludes one-offs.

Table 2b. The Netherlands: General Government Statement of Operations, 2022–31
(Billion euros)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
					Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	430.0	458.2	488.4	510.3	533.3	553.9	587.6	615.0	639.1	659.1
Taxes	250.0	278.3	297.9	307.5	322.3	335.4	356.8	374.7	390.7	405.5
Taxes on production and imports	114.0	118.9	126.1	132.5	137.6	142.4	148.9	154.2	159.3	163.6
Current taxes on income, wealth, etc.	133.2	156.2	168.0	171.1	180.5	188.7	203.4	215.9	226.7	237.2
Capital taxes	2.8	3.2	3.8	3.9	4.2	4.3	4.6	4.7	4.7	4.8
Social contributions	129.7	134.8	141.2	152.7	158.8	166.6	176.9	184.4	190.5	193.7
Grants	2.2	2.6	2.2	1.8	2.3	0.0	0.0	0.0	0.0	0.0
Other revenue	48.2	42.4	47.2	48.3	49.9	51.9	53.9	55.9	57.9	59.9
Expenditure	430.0	462.1	496.7	529.0	566.6	584.4	615.8	644.4	672.2	694.8
Expense	428.2	459.2	493.8	523.0	560.7	577.6	608.8	637.3	663.7	686.1
Compensation of employees	82.0	89.2	97.5	104.1	106.5	110.3	113.9	117.2	120.1	123.5
Use of goods and services	60.6	67.4	74.9	77.4	83.1	87.0	92.1	97.9	104.1	110.0
Consumption of fixed capital	29.2	30.9	32.7	34.4	36.5	37.8	44.3	52.5	58.7	61.2
Interest	5.7	7.1	7.9	8.4	10.6	12.8	15.2	17.0	18.2	19.5
Subsidies	19.2	17.8	15.3	15.5	18.2	20.2	21.5	22.1	22.2	23.5
Grants	11.2	11.8	15.4	16.2	14.4	5.6	5.6	5.6	5.6	5.6
Social benefits	196.2	217.1	235.3	249.3	272.8	284.9	297.6	306.7	317.3	326.8
Other expense	24.3	18.0	14.8	17.8	18.5	19.0	18.7	18.2	17.7	15.9
Net acquisition of nonfinancial assets	1.8	2.9	2.9	6.0	5.9	6.7	7.0	7.2	8.5	8.7
Net Operating Balance	1.8	-1.0	-5.4	-12.7	-27.5	-23.7	-21.2	-22.2	-24.6	-26.9
Net Lending/Borrowing	0.0	-3.9	-8.3	-18.7	-33.4	-30.5	-28.2	-29.4	-33.1	-35.6
Net Acquisition of Financial Assets	27.4	-10.4	1.9	14.7	...	...	...	...	...	...
Currency and deposits	8.0	-3.0	-3.4	6.8	...	...	...	...	...	...
Securities other than shares	2.0	-1.8	1.6	-2.1	...	...	...	...	...	...
Loans	5.2	-1.9	14.8	11.3	...	...	...	...	...	...
Shares and other equity	0.9	-0.4	-1.6	-0.8	...	...	...	...	...	...
Insurance technical reserves	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Financial derivatives	-0.9	-0.1	0.0	0.2	...	...	...	...	...	...
Other accounts receivable	12.0	-3.1	-9.5	-0.8	...	...	...	...	...	...
Net Incurrence of Liabilities	27.4	-6.4	10.1	33.5	...	...	...	...	...	...
Special Drawing Rights (SDRs)	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Currency and deposits	-0.2	-0.2	-0.4	0.9	...	...	...	...	...	...
Securities other than shares	30.3	-6.9	7.9	20.7	...	...	...	...	...	...
Loans	-4.1	1.5	-1.0	9.7	...	...	...	...	...	...
Shares and other equity	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Insurance technical reserves	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Financial derivatives	0.0	0.0	0.0	0.0	...	...	...	...	...	...
Other accounts payable	1.4	-0.9	3.6	2.2	...	...	...	...	...	...
Memorandum Items										
Primary balance	4.2	0.5	-3.4	-14.7	-24.7	-19.9	-15.5	-15.1	-17.8	-19.0
Gross Debt	481.1	481.5	491.1	523.5	556.9	582.5	606.9	634.7	666.3	700.9
Nominal GDP (Euro bill.)	993.8	1050.1	1121.5	1179.5	1228.5	1275.6	1325.7	1370.9	1415.2	1460.8

Sources: The Netherlands' Bureau for Economic Policy Analysis (CPB), Ministry of Finance, Eurostat, and IMF staff calculations.

Table 2c. The Netherlands: General Government Integrated Balance Sheet, 2015–25
(Percent of GDP)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Worth	15.2	15.4	19.4	21.8	24.7	22.5	22.9	29.2	29.4	28.4	...
Net Financial Worth	-44.2	-42.3	-37.3	-34.0	-30.0	-34.4	-31.9	-24.2	-23.6	-21.1	-18.6
Financial assets	34.7	34.1	32.6	31.2	31.3	34.4	32.5	28.5	27.2	27.1	29.2
Currency and deposits	1.8	1.8	2.0	1.9	1.9	2.6	1.7	2.3	1.9	1.5	2.0
Securities other than shares	1.5	1.3	1.2	1.3	1.1	1.1	1.1	1.2	0.9	1.0	0.8
Loans	7.6	6.7	6.6	6.6	6.5	7.1	6.7	6.6	6.0	7.0	7.6
Shares and other equity	14.1	14.3	13.7	13.0	13.6	13.4	12.5	8.1	8.9	9.5	11.3
Insurance technical reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	2.5	2.1	1.5	1.0	1.0	0.6	0.3	0.0	0.0	0.0	0.0
Other accounts receivable	7.2	7.8	7.5	7.4	7.3	9.7	10.2	10.3	9.5	8.0	7.6
Liabilities	78.9	76.4	69.8	65.2	61.3	68.8	64.3	52.7	50.8	48.1	47.8
Special Drawing Rights (SDRs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	0.3	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Securities other than shares	57.8	56.2	51.4	47.9	44.9	52.0	48.3	38.6	37.4	35.3	34.6
Loans	13.7	12.9	11.4	10.3	10.0	9.6	8.6	7.3	7.0	6.5	7.0
Shares and other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance technical reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other accounts payable	7.1	6.8	6.8	6.8	6.1	7.1	7.3	6.7	6.3	6.2	6.1

Sources: The Netherlands' Ministry of Finance, Eurostat, and IMF staff calculations.

Table 3. The Netherlands: External Sector, 2022–31
(Percent of GDP)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
					Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Balance on Current Account	6.8	9.4	9.2	7.9	7.4	7.3	7.2	7.2	7.1	7.1
Trade Balance	5.5	6.4	7.2	7.4	7.2	7.0	6.8	6.7	6.5	6.4
Exports of goods	71.0	62.1	57.1	55.7	56.7	55.1	54.2	53.6	53.4	53.2
Imports of goods	65.4	55.7	49.9	48.3	49.5	48.0	47.4	47.0	46.8	46.8
Service Balance	3.2	3.5	3.8	3.8	3.7	3.7	3.7	3.7	3.6	3.6
Exports of services	25.5	25.4	25.4	24.9	24.9	24.9	25.1	25.3	25.5	25.7
Imports of services	22.2	21.9	21.6	21.1	21.1	21.2	21.4	21.7	21.9	22.2
Factor Income	-1.1	0.2	-0.9	-2.1	-2.5	-2.4	-2.3	-2.1	-2.0	-1.8
Current transfers, net	-0.9	-0.7	-1.0	-1.3	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Balance on Capital Account	10.6	-0.2	-0.2	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Balance on Financial Account	17.2	8.3	8.6	6.4	7.3	7.2	7.1	7.1	7.0	7.0
Direct investment, net	14.9	-1.6	0.9	8.6	3.9	3.9	3.9	3.9	3.9	3.9
Direct investment abroad	15.8	-32.0	-0.5	11.3	13.6	13.6	13.6	13.6	13.6	13.6
FDI in Netherlands	0.9	-30.4	-1.5	2.7	9.7	9.7	9.7	9.7	9.7	9.7
Portfolio investment, net	-20.7	7.5	5.3	-8.0	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6
Financial derivatives	5.3	-1.5	1.2	1.6	0.6	0.6	0.6	0.6	0.6	0.6
Other investment	17.7	3.8	1.3	4.0	5.7	4.0	4.0	4.0	3.9	3.9
Reserve assets	0.0	0.1	-0.1	0.2	-1.3	0.3	0.3	0.2	0.2	0.2
Errors and Omissions, Net	-0.1	-1.0	-0.4	-0.9	0.0	0.0	0.0	0.0	0.0	0.0

Sources: DNB and IMF staff calculations.

Table 4. The Netherlands: Financial Soundness Indicators of the Banking Sector, 2014–25
(In percent unless otherwise indicated)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital adequacy												
Regulatory capital to risk-weighted assets	17.9	20.1	22.4	22.0	22.3	22.9	22.8	22.3	20.9	21.1	20.9	21.7
Tier 1 capital to risk-weighted assets	15.0	16.2	17.7	18.4	18.8	18.9	19.3	19.3	17.9	18.4	18.2	19.2
Common Equity Tier 1 capital to risk-weighted assets	...	...	...	...	...	16.8	17.4	17.3	16.1	16.5	16.1	17.2
Earnings and profitability												
Return on assets	0.3	0.6	0.6	0.7	0.7	0.6	0.3	0.7	0.6	1.0	0.9	0.9
Return on equity	6.6	10.8	10.1	12.8	11.7	7.6	3.2	8.8	8.0	11.5	10.8	9.9
Interest margin to gross income	77.7	73.5	64.8	73.5	54.8	55.0	54.3	47.9	49.7	65.2	62.6	60.3
Noninterest expenses to gross income	84.4	77.9	78.8	71.7	72.2	68.4	71.7	70.5	69.3	57.5	57.5	59.2
Personnel expenses to noninterest expenses	42.5	41.6	38.6	47.4	32.6	36.2	35.4	33.6	35.9	51.2	53.5	54.5
Asset quality												
Non-performing loans (NPL) as percent of gross loans	3.0	2.7	2.5	2.3	2.0	1.8	1.9	1.7	1.6	1.6	1.6	1.4
Provisions as percent of NPL						25.7	27.0	28.7	26.9	26.1	24.2	25.9
NPL net of provisions to capital	...	...	...	...	...	16.0	17.5	13.1	12.4	12.5	13.5	12.2
Liquidity												
Liquid assets to total assets	21.1	22.8	21.8	...	...	14.8	18.6	19.8	19.7	19.2	18.8	17.8
Liquid assets to short-term liabilities	162.5	169.7	167.0	...	...	...	...	32.5	28.8	28.0	27.6	25.2
Liquidity coverage ratio	...	...	...	...	...	137.7	168.0	162.3	152.6	163.2	164.0	163.2
Net stable funding ratio	...	...	...	...	...	168.6	150.2	135.6	133.6	135.5	136.4	135.0

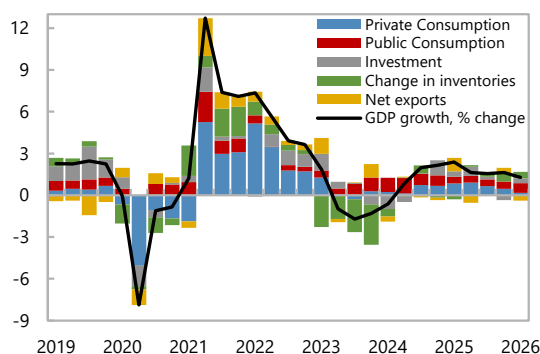
Source: IMF Financial Soundness Indicators.

Figure 11. The Netherlands: Economic Activity

Private and public consumption supported recent robust economic growth...

Contributions to GDP Growth

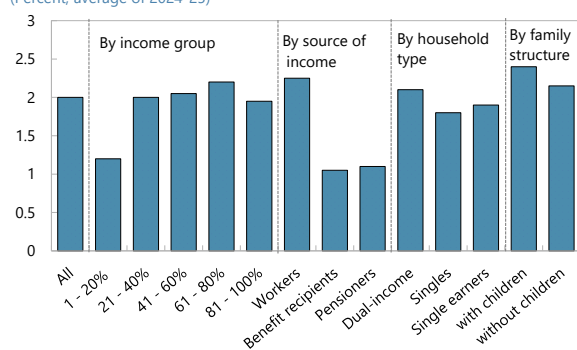
(Percentage points, annualized, 4q moving average)



Consumption growth was supported by robust purchasing power gains across household groups.

Household Purchasing Power (Median) Growth

(Percent, average of 2024-25)

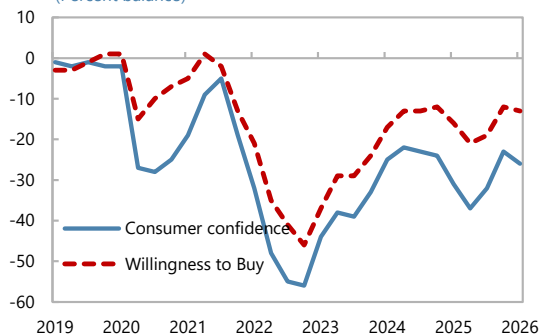


Source: CPB

Consumer sentiment recovered toward the end of 2025 but started to weaken again in 2026,...

Consumer Sentiment

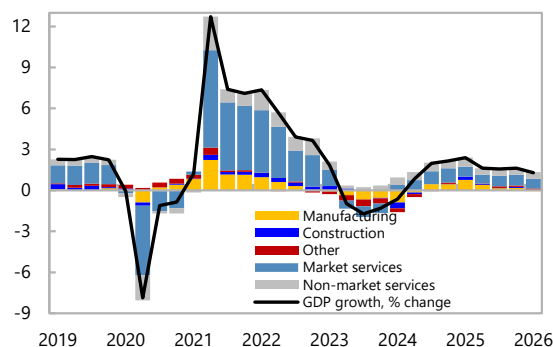
(Percent balance)



...as did the service sector.

Contributions to GDP Growth

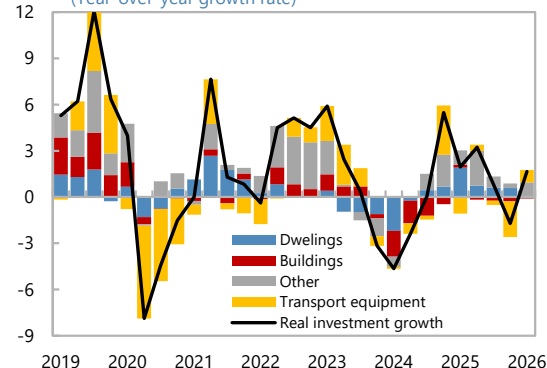
(Percentage points, annualized 4q moving average)



While housing investment continued to recover, business investment remained subdued.

Contributions to Investment Growth

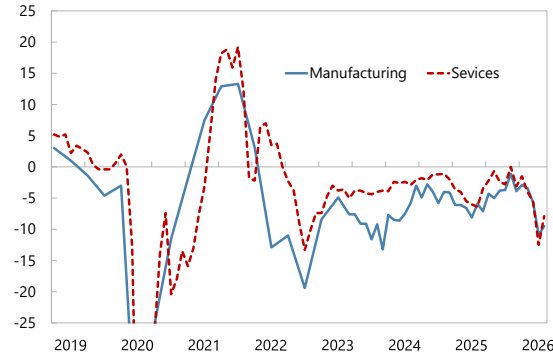
(Year-over-year growth rate)



...and similar dynamics are observed for business confidence.

Business Confidence

(Percent balance)



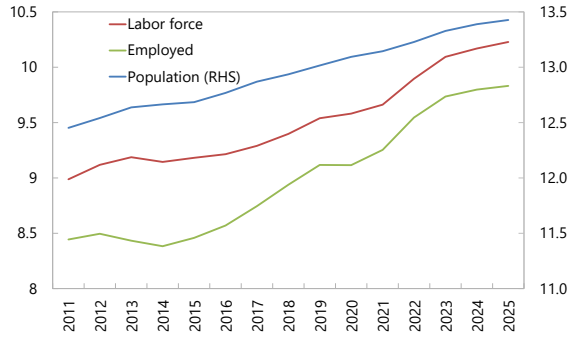
Sources: CBS, DNB, Haver Analytics, and IMF staff calculations.

Figure 12. The Netherlands: Labor Market

Both employment and the labor force have increased as the working-age population continues to grow.

Population, Labor Force and Employment

(Millions of people, aged 15-74)

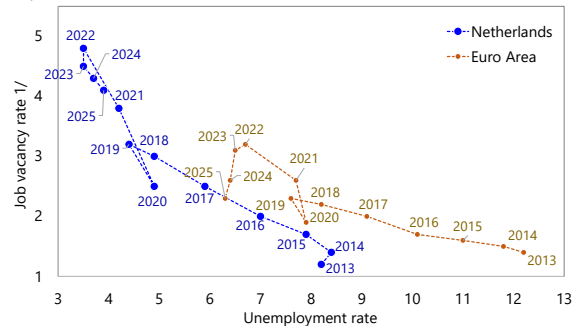


Sources: CBS and Haver Analytics.

Beveridge curves suggest some easing of the labor market in the Netherlands...

Beveridge Curves

(In percent)



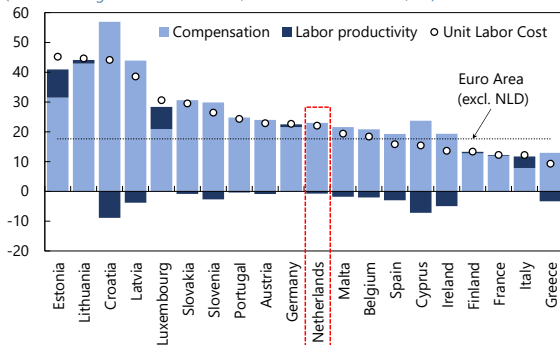
Sources: Haver Analytics; EUDATA; and IMF calculations.

1/ Job vacancy rate for industry, construction, and services.

Relative to 2021, higher wage and lower productivity growth have increased unit labor cost vs. the EA.

Changes in Unit Labor Cost (EA)

(Percent change from 2021 to 2025, based on hours worked, SA)

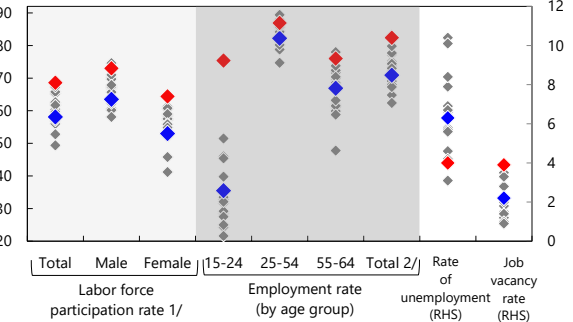


Sources: Eurostat and IMF staff calculations.

The labor force participation rate is the highest in the EA, while the unemployment rate is among the lowest.

Labor Indicators

(In percent, 2025Q4)



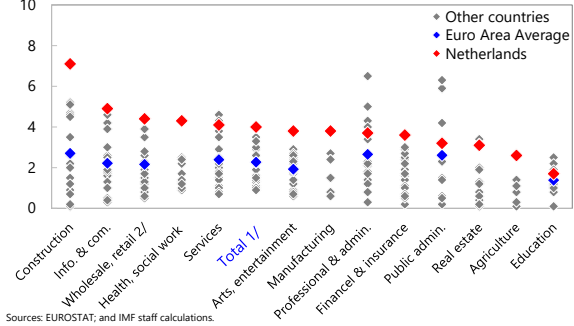
Sources: Haver Analytics; and IMF calculations.

1/ Among people aged 15 years and older. 2/ Among people aged 15-64 years.

..., although vacancy rates remain higher than other EA countries in most sectors.

Job Vacancy Rate: By Economic Activity

(Percent, 2025Q4)



Sources: EUROSTAT; and IMF staff calculations.

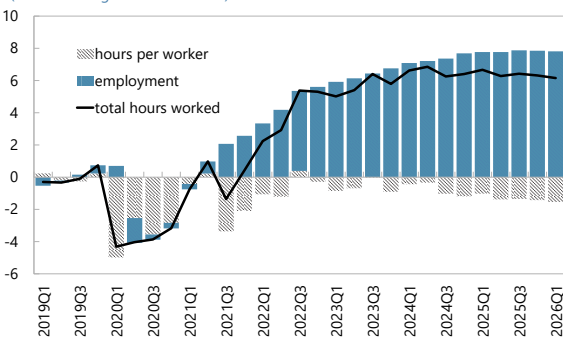
1/ Total refers to industry, construction, and services (except activities of households as employers and extra-territorial organizations and bodies).

2/ Includes wholesale, retail trade, transport, accommodation, and food services.

Working hours rose due to an increase in employment, hours per worker remain below the pre-pandemic level.

Working Hours

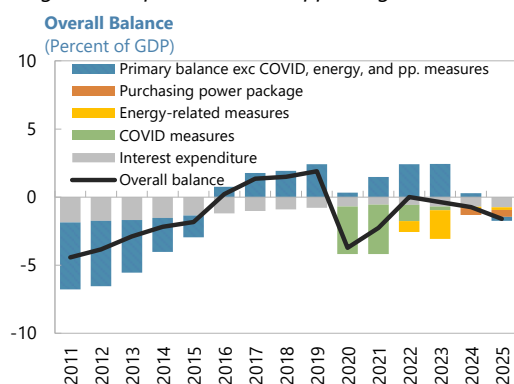
(Percent change relative to 2019)



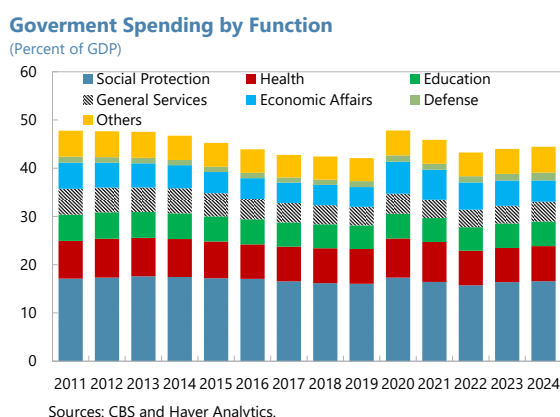
Sources: Haver Analytics and IMF staff calculations.

Figure 13. The Netherlands: Fiscal Developments

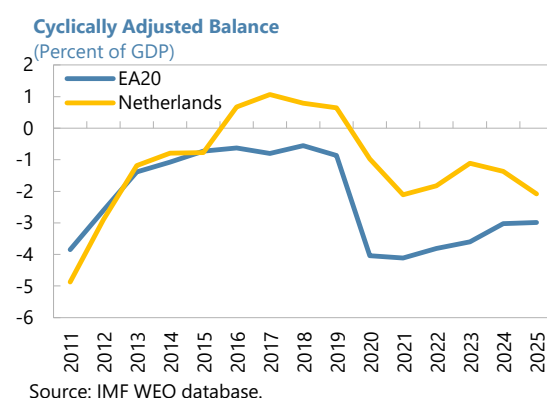
In 2022–25, the fiscal balance was better than budgeted, despite demand supporting measures...



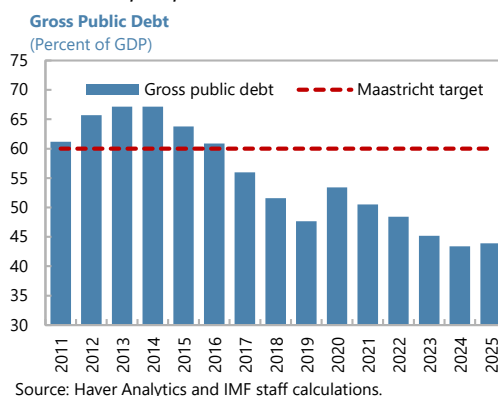
Public spending composition tilted toward health and social spending post-pandemic...



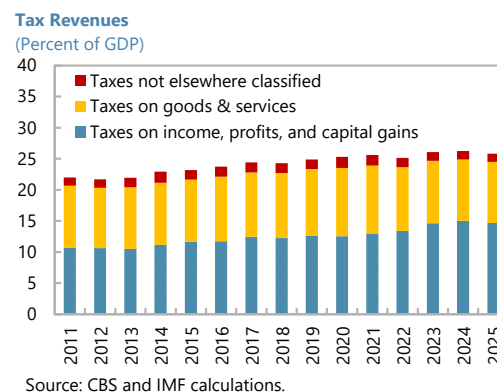
The cyclically adjusted balance was better than the average for the EA...



...while public debt stood at 44.4 percent of GDP in 2025, below pre-pandemic levels.



...with a notable increase in the share of taxes on income, profits, and capital gains in post-COVID era.



...and the 2026 Spring memorandum aims to preserve fiscal space while advancing key reforms.

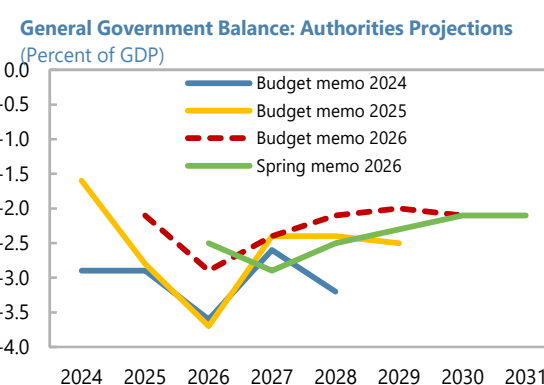
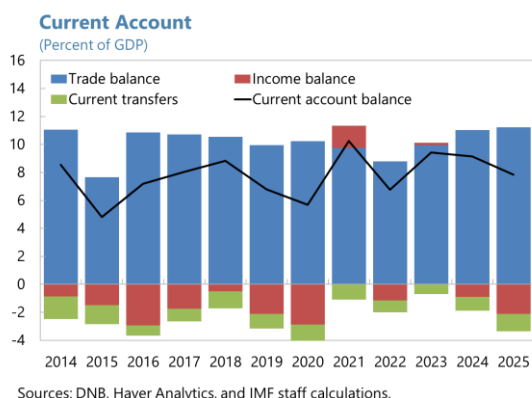
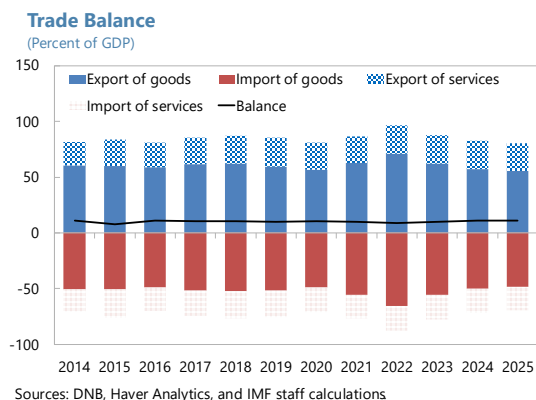


Figure 14. The Netherlands: External Sector Developments

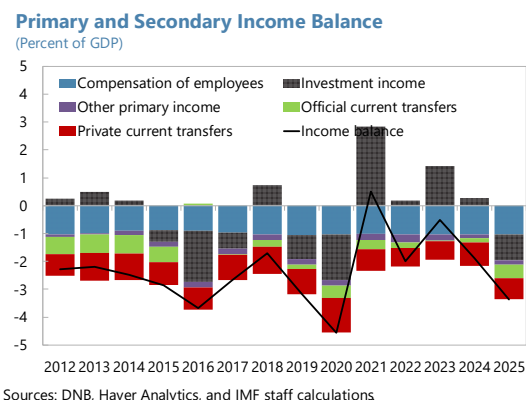
The current account surplus narrowed in 2025...



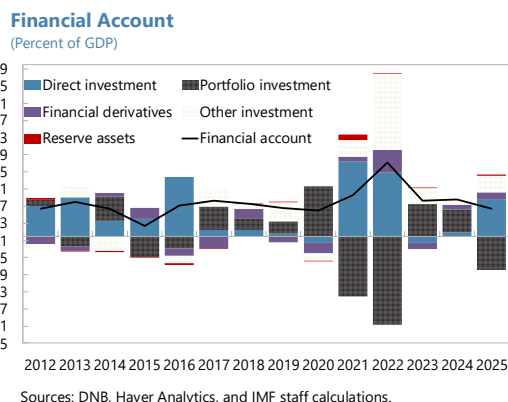
...even as the trade balance remained broadly stable...



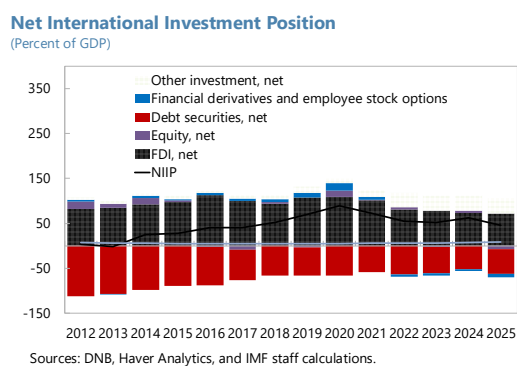
...due to a drop in portfolio investment income.



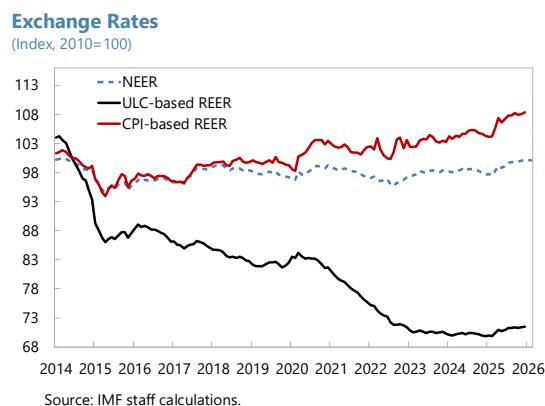
The financial account balance remained broadly stable, supported by strong direct investment inflow.



The NIIP weakened, mostly on lower net equity.



Real effective exchange rates appreciated across all measures in 2025, partly reflecting wage developments.



Annex I. External Sector Assessment

Overall Assessment: On a preliminary basis, *the external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies.* The Netherlands' role as a global trading hub, financial center, and host country for multinational corporations (MNCs) complicates the external assessment, largely due to associated sizable and volatile primary income flows and a measurement bias of portfolio equity retained earnings. In 2025, the external current account (CA) surplus fell to 7.9 percent of GDP, from 9.1 percent in 2024, due to lower investment income and current official transfers. In the medium term, the surplus is expected to continue to narrow, reflecting higher investment. However, the surplus is expected to remain elevated, on account of still-lower-than-desirable investment and structurally high private saving.

Potential Policy Responses: Bringing the external position more in line with medium-term fundamentals and desirable policies hinges on sustained efforts to raise public investment and foster private investment, notably in infrastructure and housing, while easing electricity grid and nitrogen-related growth bottlenecks. The new coalition government's plans to increase R&D spending, advance the climate transition, and substantially expand residential investment are appropriately aligned with the need to reduce external imbalances. Industrial policies should be deployed cautiously and be targeted to where externalities or market failures prevent effective market solutions, while minimizing trade and investment distortions. Additionally, the Netherlands should work with EU partners to deepen the single market and further the savings and investments union to increase growth and resilience and support more robust investment.

Foreign Asset and Liability Position and Trajectory	Background. The NIIP fell to 45.5 percent of GDP in 2025, from 62.1 percent in 2024, mainly reflecting a 16 percentage points (ppts) of GDP decline in the net stock of portfolio investment. The decline was primarily driven by large negative exchange rate and price effects only marginally offset by small positive contributions from net transactions and volume changes. FDI remains the largest component of the IIP, accounting for more than half of external assets and liabilities, reflecting the country’s role as a global financial center and host country for MNCs. The FDI stock remained stable at 72 percent of GDP in 2025 as in 2024. The net derivatives position deteriorated (by nearly 4 ppts). Meanwhile, the net other investment and reserve assets stocks rose modestly (by 1.6 and 1.8 ppts respectively). Assessment. The Netherlands’ safe haven status and its sizable foreign assets limit risks from its large foreign liabilities.				
2025 (%GDP)	NIIP: 45.5	Gross Assets: 878.1	Debt Assets: 221.2	Gross Liab.: 832.6	Debt Liab.: 242.3
Current Account	Background. In 2025, the CA surplus narrowed to 7.9 percent of GDP (8.0 percent of GDP cyclically adjusted), from 9.1 percent in 2024. A modest widening in the goods and services balance by 0.2 ppts, to 7.4 percent of GDP, was more than offset by declines in primary and secondary income balance of 1.2 and 0.3 ppts, respectively, due to lower investment income and official current transfers. Public net saving declined by 1.0 ppts, reflecting the expansionary fiscal stance. Private net saving remained robust as higher household saving largely compensated for a decline in financial corporate saving. Beyond cyclical factors, the Netherlands’ role as a trading hub and financial center contributes to a structurally strong headline external position. MNCs based in the Netherlands record profits at their Dutch HQs while channeling a large part of their investment abroad in the form of FDI, keeping nonfinancial corporate saving high. Relatedly, measurement biases of portfolio equity retained earnings overstate the net accumulation of wealth attributed to Dutch residents, an important issue given that foreign ownership of publicly listed firms has exceeded 80 percent in recent years. The CA surplus is projected to remain large at 7.4 percent of GDP in 2026. Assessment. The EBA CA model estimates a CA norm of 2.9 percent of GDP, against a cyclically adjusted CA surplus of 8.0 percent of GDP in 2025, implying an EBA CA gap of 5.2 percent of GDP. 3.2 ppts of the CA gap are attributable to policy gaps, primarily reflecting a relatively tighter fiscal stance and a negative credit gap that remains wider than those abroad. The				

	portfolio retained earnings bias for 2025 is estimated at –1.6 percent of GDP, drawing on granular DNB data that allow for corporate net saving to be attributed across different firm segments, and, in turn, allocated between resident and non-resident owners. Overall, staff assess the CA gap to be in the range of 3.1 to 4.1 percent of GDP, with a midpoint of 3.6 percent of GDP. Up to about 2 pts of this gap reflect strong saving from the second-pillar occupational pension retirement scheme with large coverage, robust replacement ratios, and strict pre-funding requirements. Closing the remaining gap requires recalibrating domestic policy while foreign policy gaps (notably from too-loose fiscal policies in the rest of the world) are addressed.					
2025 (%GDP)	CA: 7.9	Cycl. Adj. CA: 8.0	EBA Norm: 2.9	EBA Gap: 5.2	Staff Adj.: –1.6	Staff Gap: 3.6
Real Exchange Rate	Background. The average CPI- and ULC-based REERs appreciated in 2025, by 2.2 and 1.2 percent, respectively, driven by higher inflation and wage increases than trading partners, and currency appreciation. As of March 2026 (February 2026), the CPI-based REER (ULC-based REER) was 0.5 percent (0.6 percent) above its 2025 average. Assessment. Assuming a semi-elasticity of the CA balance to the REER of 0.64, the staff CA gap of 3.6 percent of GDP implies a REER undervaluation in the range of 4.8 to 6.4 percent, with a midpoint of 5.6 percent. EBA REER model estimates for 2025 indicate an overvaluation in a range from 5.9 percent (level model) to 21.5 percent (index model), largely reflecting unexplained residuals. Consistent with the staff CA gap, staff assess the REER as undervalued by about 4.8 to 6.4 percent, with a midpoint of 5.6 percent.					
Capital and Financial Accounts: Flows and Policy Measures	Background. In 2025, 22 and 23 percent of gross foreign assets and liabilities respectively were attributable to special-purpose entities, financial vehicles with marginal operational footprints in the Netherlands that contribute to substantial yet volatile and hard-to-interpret capital flows. Separately, a notable part of capital outflows represents the channeling of corporate profits by MNCs abroad as FDI. Assessment. The strong external position limits vulnerabilities to capital outflows. The financial account deficit is likely to remain as it is primarily the flip side of a CA recording sustained—and structural—surpluses.					
FX Intervention and Reserves Level	Background. The euro has the status of a global reserve currency. Assessment. Reserves held by the euro area are typically low relative to standard metrics, but the currency floats freely.					

Annex II. Risk Assessment Matrix¹

Source of Risks, Relative Likelihood	Expected Impact	Policy Response
Global Risks		
High Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High The Netherlands is vulnerable to supply chain disruptions given its high degree of openness and strong cross-border linkages. Heightened uncertainty could weigh on consumer and business confidence, weighing on consumption and investment.	- Strengthen productivity and international competitiveness by accelerating structural reforms. - Strengthen resilience through diversification and strategic domestic and EU-level coordination. - Support strengthening the EU single market by lowering internal barriers. - Monitor impact on financial markets and recalibrate buffers as warranted to preserve financial stability.
High Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	High The Netherlands is vulnerable to supply chain disruptions. Given that exporters are among the most productive firms in the Netherlands, weaker export growth could also undermine aggregate productivity.	- Strengthen productivity and international competitiveness by accelerating structural reforms. - Support strengthening the EU single market by lowering internal barriers. - Work with trading partners to resolve tensions, reach new trade agreements, and advocate for a rules-based global trading system.
High Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High Higher energy and commodity prices could increase inflation, eroding households' purchasing power and keeping inflation above the target for longer. Elevated energy costs could weaken Dutch firms' competitiveness and weigh on investment.	- Support EU energy-market integration by building and upgrading cross-border electricity and gas infrastructure. - Allow automatic stabilizers to operate and, if necessary, employ well-targeted support measures to protect the most vulnerable groups. - Increase renewable energy capacity and accelerate the green transition.
High Disorderly AI Correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	Medium A sharp repricing of AI-related assets could trigger a broader market correction and tighten financial conditions. The Dutch semiconductor industry could be adversely affected.	- Ensure intensive monitoring of financial risks and market concentration, including AI-related risk, to limit contagion. - Deploy macroprudential policies as needed to mitigate systemic financial instability. - Protect viable semiconductor firms in supply-chain-critical segments from credit market spillovers
High Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures,	High Given the Netherlands' high degree of digitalization, severe cyberattacks could disrupt the financial system as well as the	Continue to invest in cyber defense by strengthening the operational resilience of the financial system.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Source of Risks, Relative Likelihood	Expected Impact	Policy Response
or misuse of AI technologies could trigger financial and economic instability.	real economy. Impact on financial sector would be mitigated by strong existing cyber security framework, resilience testing and business continuity plans.	Continue to perform coordinated cyber security testing regularly.
Medium Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	High The Netherlands is particularly vulnerable to flooding in case of sharp sea-level rises or adverse weather events. Forceful measures to curtail nitrogen emissions to meet EU commitments could disrupt economic activity. Droughts could also threaten housing infrastructure.	- Enhance climate mitigation policies by striking the right balance among regulation, pricing, and subsidies. - Strengthen climate adaptation by focusing on: (i) integrating adaptation into government long-term planning; (ii) prioritizing adaptations with large positive externalities; and (iii) removing barriers to private adaptation while addressing distributional concerns.
Domestic Risks		
Medium Domestic policy uncertainty. Under a minority government, parliamentary majorities must be built on an issue-by-issue basis, potentially delaying the implementation of critical policies and reforms, reducing policy predictability, and heightening the risk of political volatility.	High Higher policy uncertainty and delays in delivering critical structural reforms (e.g., on nitrogen and the electricity grid) could weaken business confidence and delay investment.	- Build political consensus on key reform priorities. - Enhance policy clarity and communication through transparent contingency planning and scenario-based guidance.
High Labor shortages. Labor market tightness could intensify due to skill mismatches and shortages as well as limited inflows of foreign talent, weighing on business activity and delaying needed investment. Planned significant personnel expansion in defense sector could further exacerbate economy-wide skill shortages and wage pressures.	High Growth bottlenecks could intensify as required projects and investment are delayed, leading to lower potential growth. Labor shortages could put upward pressure on wages and inflation and lower competitiveness.	- Promote labor mobility towards priority sectors (e.g., AI & digitalization). - Adopt more active labor market policies to upskill the workforce. - Improve education quality to better prepare the future workforce. - Implement measures to extend working hours, especially among part-time workers. - Support EU labor-market integration by reducing barriers for workers and service providers to work across EU countries - Attract international talent that matches Dutch challenges and better integrate them into the labor market.
Medium Slowdown of labor productivity growth. Labor productivity growth could weaken, reflecting factors such as insufficient productivity-enhancing investment, slow adoption of AI-related technologies, and declining business dynamism.	High Lower productivity growth could weigh on medium-term potential growth and increase fiscal pressure. Wage growth exceeding productivity could raise unit labor costs and reduce competitiveness.	- Address bottlenecks (e.g., nitrogen, electricity grid, labor shortages) to enhance investment activity. - Accelerate EU wide reforms, including EU single market, 28th corporate regime, and capital markets union. - Further enhance insolvency and regulatory frameworks to promote business dynamism. - Intensify efforts to promote knowledge diffusion to narrow the gap between low- and high-productivity firms.

Annex III. Debt Sustainability Analysis

Annex III. Figure 1. The Netherlands: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Low	Staff assess the overall risk of sovereign stress as low, reflecting a relatively low level of vulnerability in the near- and medium-term horizons, and a moderate vulnerability in the long-term horizon.
Near term 1/			
Medium term	Low	Low	Staff assess medium-term risks as low, consistent with the mechanical signals. This largely reflects strong institutions and favorable debt structure of the Netherlands (long maturities, stable investor base and euro-denominated debt predominantly at fixed rates). The Fan chart module signals a moderate risk, reflecting uncertainty around the outlook.
Fanchart	Moderate	...	
GFN	Low	...	
Stress test		...	
Long term	...	Moderate	Staff assess long-term risks as moderate as spending pressures from challenges such as aging healthcare, and climate change feed into debt dynamics. Previous studies by the authorities suggest growing spending pressures from health and long-term care, ageing, and climate change over the medium- to long-term.
Sustainability assessment 2/	Not required for surveillance countries	Sustainable	Not required for surveillance countries.
Debt stabilization in the baseline			No

DSA Summary Assessment

Commentary: The Netherlands is at a low overall risk of sovereign stress and debt is sustainable. At 44.4 percent of GDP, gross public debt has been contained through consecutive shocks, falling by about 9 percentage points of GDP since the pandemic. The low interest rate environment of previous years and favorable debt structure kept debt servicing costs contained and, together with robust growth and better-than-expected fiscal outcomes kept the public debt/GDP ratio among the lowest in the euro area. However, longer-term pressures from ageing, healthcare, defense, and climate point to the need for reforms.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex III. Figure 2. The Netherlands: Debt Coverage and Disclosure

										Comments
1. Debt coverage in the DSA: 1/										
1a. If central government, are non-central government entities insignificant?										n.a.
2. Subsectors included in the chosen coverage in (1) above:										
Subsectors captured in the baseline										Inclusion
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	Not applicable			
				2	Extra budgetary funds (EBFs)	Yes				
				3	Social security funds (SSFs)	Yes				
				4	State governments	Yes				
				5	Local governments	Yes				
		6	Public nonfinancial corporations	No						
		7	Central bank	No						
		8	Other public financial corporations	No						
3. Instrument coverage:										
				Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/		
4. Accounting principles:										
					Basis of recording		Valuation of debt stock			
					Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/	
5. Debt consolidation across sectors:										
					Consolidated		Non-consolidated			
Color code:										
■ chosen coverage ■ Missing from recommended coverage ■ Not applicable										

Color code: chosen coverage Missing from recommended coverage Not applicable

Reporting on Intra-Government Debt Holdings

				Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
Issuer													
CPS	NFPS	GG: expected	CG	1	Budget. central govt								0
			2	Extra-budget. funds								0	
			3	Social security funds								0	
			4	State govt.								0	
			5	Local govt.								0	
			6	Nonfin pub. corp.								0	
			7	Central bank								0	
			8	Oth. pub. fin. corp								0	
	Total				0	0	0	0	0	0	0	0	0

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.

2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.

3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.

4/ Includes accrual recording, commitment basis, due for payment, etc.

5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).

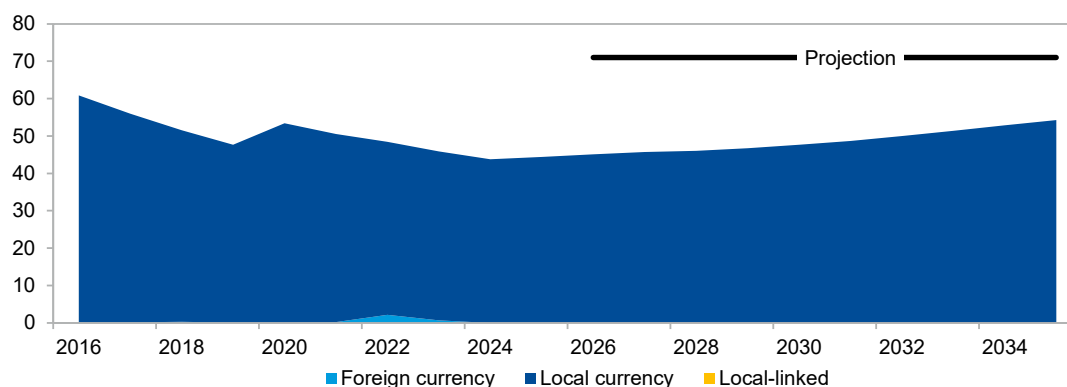
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.

7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The debt coverage remains unchanged from the last Article IV -- i.e., it covers general government debt, with most debt issued by the federal (central) government.

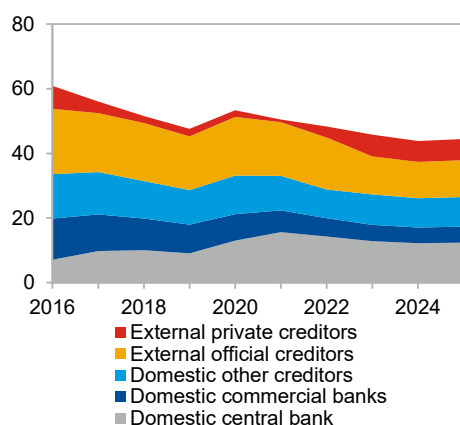
Annex III. Figure 3. The Netherlands: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



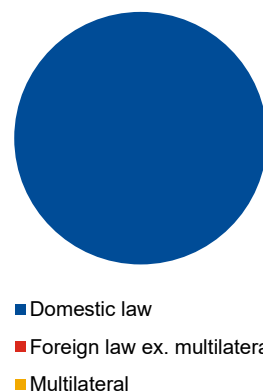
Note: The perimeter shown is consolidated public sector.

Public Debt by Holder (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Governing Law, 2025 (Percent)



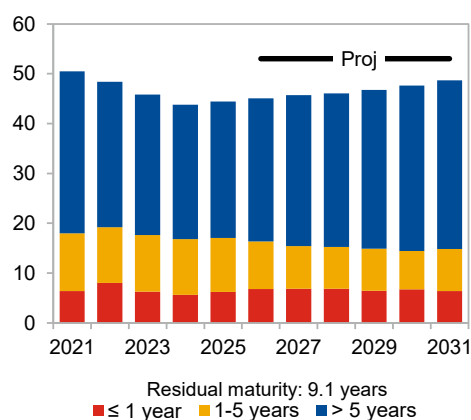
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



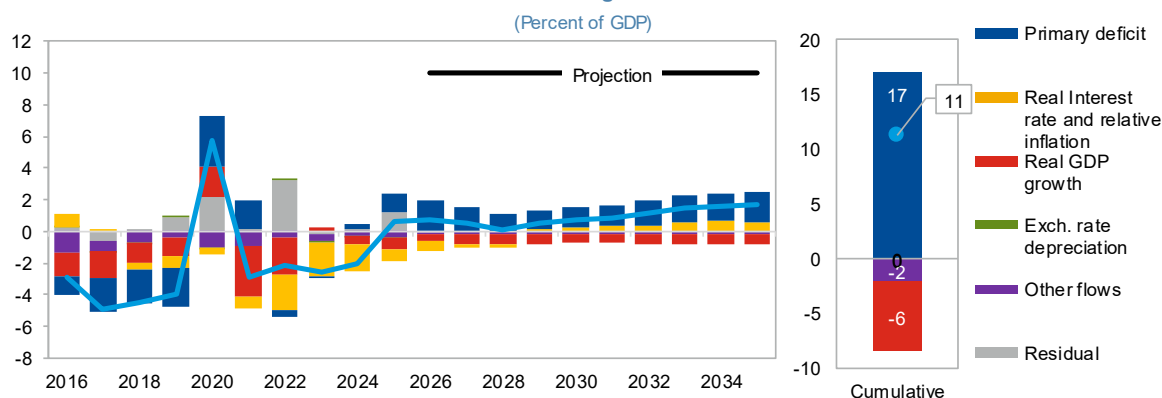
Note: The perimeter shown is general government.

Commentary: Public debt is in domestic currency and marketable. The relatively long average maturity of the debt portfolio and debt primarily on fixed rates are important buffers in the higher interest rate environment.

Annex III. Figure 4. The Netherlands: Baseline Scenario
(Percent of GDP unless indicated otherwise)

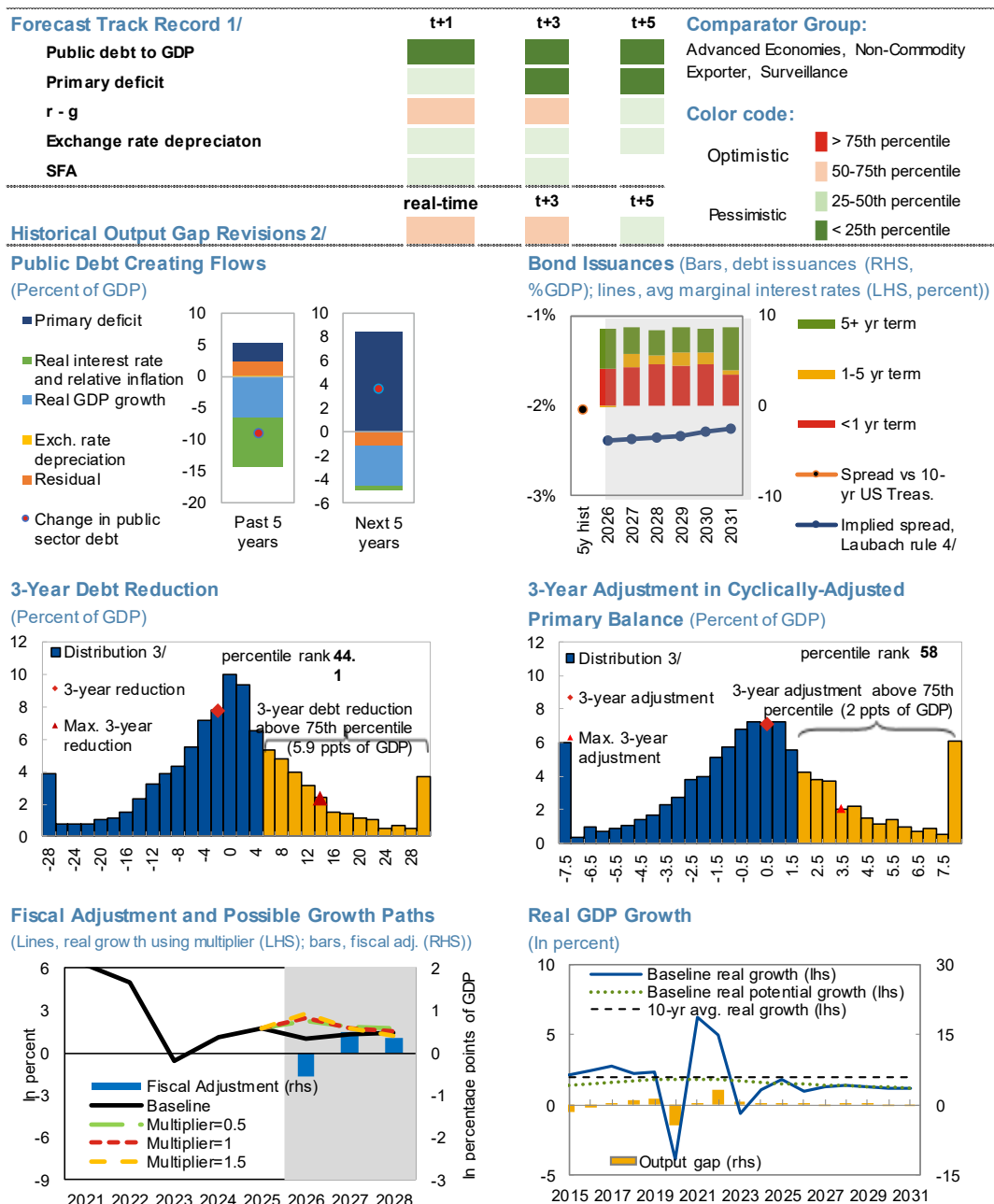
	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	44.4	45.1	45.7	45.8	46.3	47.1	48.0	49.2	50.7	52.3	54.0
Change in public debt	0.6	0.7	0.5	0.1	0.5	0.8	0.9	1.2	1.5	1.6	1.7
Contribution of identified flows	-0.6	0.8	0.5	0.1	0.5	0.8	0.9	1.2	1.5	1.6	1.7
Primary deficit	1.2	2.0	1.6	1.2	1.1	1.3	1.3	1.5	1.7	1.7	1.9
Noninterest revenues	42.9	43.2	43.2	44.1	44.7	45.0	44.9	44.9	45.0	45.1	44.8
Noninterest expenditures	44.1	45.3	44.8	45.3	45.8	46.3	46.3	46.5	46.6	46.8	46.7
Automatic debt dynamics	-1.5	-1.1	-0.8	-0.9	-0.4	-0.3	-0.2	-0.2	0.0	0.1	0.0
Real interest rate and relative inflation	-0.7	-0.6	-0.2	-0.2	0.2	0.2	0.3	0.4	0.6	0.7	0.6
Real interest rate	-0.7	-0.6	-0.2	-0.2	0.2	0.2	0.3	0.4	0.6	0.7	0.6
Relative inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	-0.8	-0.5	-0.6	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...
Other identified flows	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-0.4	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Other transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual 1/	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross financing needs	6.7	8.5	8.7	8.4	8.7	8.5	8.6	8.9	9.9	9.5	9.3
of which: debt service	5.8	6.6	7.3	7.5	7.8	7.4	7.5	7.5	8.4	8.0	7.6
Local currency	5.8	5.3	7.3	7.5	7.8	7.4	7.5	7.5	8.4	8.0	7.6
Foreign currency	0.0	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:											
Real GDP growth (percent)	1.8	1.0	1.3	1.5	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Inflation (GDP deflator; percent)	3.3	3.1	2.5	2.4	2.1	2.0	2.0	2.0	2.0	2.0	2.0
Nominal GDP growth (percent)	5.2	4.1	3.8	3.9	3.4	3.2	3.2	3.2	3.2	3.2	3.2
Effective interest rate (percent)	1.7	1.6	1.9	2.0	2.5	2.6	2.7	2.9	3.3	3.4	3.2

Contribution to Change in Public Debt



Commentary: Public debt is relatively low, with favorable debt structure. However, debt will start to increase again over the medium and long term, reflecting fiscal pressures from challenges such as healthcare, ageing, defense, and climate change. 1/ Residual in 2025 includes €12bn (about 1 percent of GDP) in government loans to TenneT, the state-owned high-voltage grid operator. See CBS release as of March 26.

Annex III. Figure 5. The Netherlands: Realism of Baseline Assumptions



Commentary: Past forecast errors do not reveal any systematic biases, and the projected fiscal adjustment, and debt reduction are well within norms.

Source : IMF Staff.

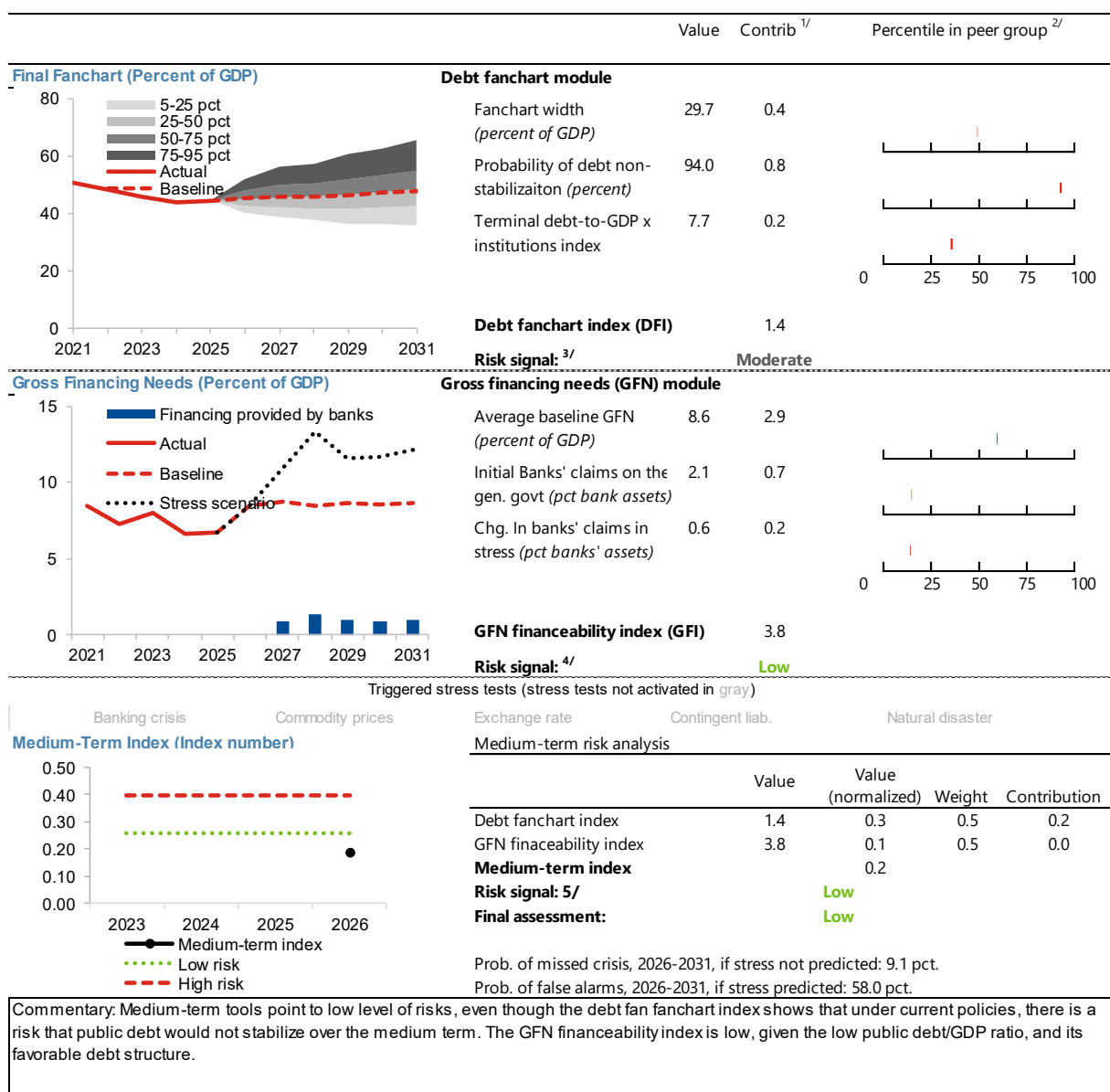
1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates).

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Anex III. Figure 6. The Netherlands: Medium-Term Risk Assessment



Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is advanced economies, non-commodity exporter, surveillance.

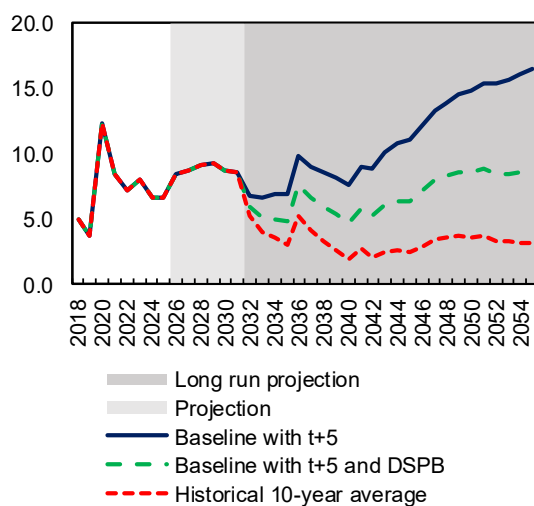
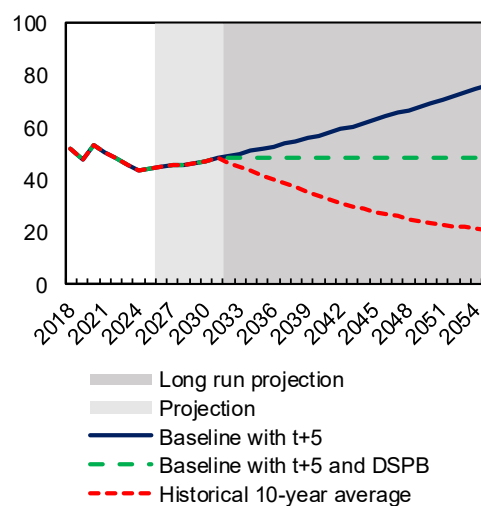
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex III. Figure 7. The Netherlands: Long-Term Risk Assessment: Large Amortization

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

GFN-to-GDP Ratio**Total Public Debt-to-GDP Ratio**

Commentary: Overall risk from large amortization remains low. Under the baseline, the risks of rising debt over the long term, reflect fiscal pressures from ageing, healthcare, defense, climate. However, the overall index is low given low initial debt and good historical track record, and favorable debt structure.

Annex IV. Implementation of Key 2024 FSAP Recommendations 1/

	Recommendation	Addressee	Timing*	Priority**	Status
Cross-Cutting					
1	Establish an interagency body—or facilitate this in an existing platform—to regularly discuss policy implications of climate-related issues, broaden cooperation including data sharing, and coordinate policy actions with implications for financial stability.	MOF, AFM and other relevant ministries	ST	H	DNB, the MOF and other relevant ministries and agencies are leveraging the Sustainable Finance Platform created by DNB in 2016 and its broad membership—MOF; DNB; AFM; the Dutch banking, insurers, investment fund and asset management associations; the Pension Funds Federation; Invest-Netherlands; and relevant ministries—to have more focused and frequent engagement (in dedicated working groups) on climate issues and climate risks to financial stability and share data and knowledge. A separate dedicated platform was created in 2025 by the Ministry of Internal Affairs to address home foundation issues exacerbated by droughts and flooding. Policy action remains in the MOF's remit.
2	Adapt supervisory approaches to a rapidly changing market environment and strive for consistent supervisory outcomes across sectors through timely deployment of technologies and analytical tools.	DNB, AFM	ST/MT	H	DNB's Supervisory Strategy and Digital Supervisory Strategy for 2025–28 set priorities for risk-based supervision and processes to ensure pro-active and adaptive goals and tools that leverage digitalization and AI and are fit to address emerging cross-sectoral risks (e.g., geopolitical and cyber risks). Organizational changes were made to improve agility. New horizontal teams conduct cross-sectoral analyses and develop digital tools for early risk identification. AFM's Agenda 2025 and Strategy 2023–26 also detail efforts to ensure risk-based, data-driven and result-oriented supervision. Implementation is ongoing. The AFM's organizational structure was notably changed in 2025 to facilitate multi-disciplinary collaboration.
3	Review legislative framework to ensure the supervisory authorities have sufficient budgetary autonomy, delegated powers, and intervention tools to address risks promptly and efficiently.	MOF, AFM, DNB	ST	H	MOF reviews of DNB/AFM Vision on Supervision and of the two supervisory agencies' financing completed in 2025 concluded that the two agencies had sufficient budgetary and supervisory autonomy.
4	Ensure that authorities have a clear legal basis to access granular transaction/loan-level data on a regular basis for risk monitoring and analysis, including residential and commercial real estate loans.	MOF, DNB, AFM	I	H	The MOF updated the draft proposal amending DNB's Bank Act that it published in May 2024 for public consultation. The new version addresses the comments received, including from the Data Protection Authority and the Council of State, and is pending Parliament

	Recommendation	Addressee	Timing*	Priority**	Status
					approval. The legislation is then expected to be sent to the Senate by end-2026H1. Subordinate legislation detailing the nature of the data and frequency of exchanges is being prepared concurrently and is expected to be published for consultation by end 2026. Another draft legislative proposal amending the Financial Supervision Act to ensure legal, regular AFM access to granular data also underwent public consultation in 2024. Feedback is being incorporated by the MOF. A revised proposal that minimizes the administrative burden for the sector is expected to be submitted to the Council of State for advice and later submitted to Parliament in 2026.
5	Further clarify the requirement of independent supervisory board members in law.	MOF, MoSA	MT	H	DNB clarified the Financial Supervision Act's legal requirements for independence of supervisory board members in recent guidance to the sector. The updated guidance also reiterated EBA and ESMA guidelines.
Systemic Risk Analysis					
6	Tap alternative datasets to complete the ongoing efforts to develop market risk analysis.	DNB	ST	M	Efforts to tap alternative datasets for market risk analysis for banks were abandoned for 2025-26 as DNB assessed market risk for Dutch banks as non-material. Alternative datasets (e.g., submission to the ESCB's euro area bank loans' database, AnaCredit; and Securities Financing Transactions Regulation (SFTR) data are used to prioritize analyses for risks (credit risk) and entities (NBFIs) deemed more material. Granular data from EMIR, SHS and STFR is now used for system-wide stress testing.
7	Develop system-wide stress testing methodologies to assess the contagion effects across banks and NBFIs.	DNB	MT	M	Work—including scenario definition, identification of transmission channels, and model calibration—is ongoing. A first version of a model measuring Dutch, EA and non-EA financial institutions' liquidity risks impact on the Dutch sovereign bond market was completed in 2025. Model extensions will be considered in 2026.
8	Closely monitor pension funds' repo transactions, amend supervisory reporting where necessary, and perform liquidity stress tests which incorporate a drying-up of repo markets.	DNB	I	M	DNB developed a dedicated dashboard and stress tests based on SFTR data. This, together with current supervisory data, is deemed sufficient by DNB.
Climate Risk Oversight and Analysis					
9	Establish a medium-term plan to develop LSI/insurance climate risk supervision to incorporate climate-related risk	DNB	ST	H	DNB senior management approved a multi-year plan for the integration of environmental, social, and governance (ESG) risks in the supervision of medium-sized and small

	Recommendation	Addressee	Timing*	Priority**	Status
	perspective across activities of the supervisory process, including bridging data gaps.				banks in July 2024. The plan was updated in 2026, notably to include steps to integrate ESG risks into the supervision of LSIs. Implementation is ongoing. ESG risks were integrated into the supervisory framework for insurers in 2025.
10	Conduct physical risk analysis using forward-looking medium and long-term flood scenarios accounting for the impact of climate change (e.g., those aligned with the Intergovernmental Panel on Climate Change's Sixth Assessment Report).	DNB, MoIWM	ST	M	DNB analyzed flood scenarios mapping future sea level rise into credit risk in 2024 and 2025. The findings were published in November 2025.
11	Develop an approach to assess the impact of policies to reduce nitrogen depositions on the financial sector once the transition path and its implications on the economy become clearer.	DNB	ST	H	No action taken. Action pending more clarity on policies to reduce nitrogen emissions and the associated implementation milestones.
12	Deepen collaboration among DNB supervisors and DNB stress testers to inform supervisors of climate stress testing insights and vice versa.	DNB	ST	H	A stress test tool for insurers was developed by hybrid teams of DNB supervisors and stress testers and used to validate the submissions for the EIOPA stress test, and for some preliminary assessments of the impact of assets shocks following geopolitical events. DNB actively participated in the climate stress-testing for the EU financial system (Fit-for-55). Climate stress-testing knowledge meetings between banking supervisors and stress testers were first held in 2024 and 2025 and continue in 2026. Additionally, DNB has begun preparations to implement European Banking Association guidelines on environmental scenario analysis.
Macprudential Framework and Policies					
13	Elevate the Financial Stability Committee (FSC) to a permanent advisory body and vest it with semi-hard powers, or vest DNB with hard powers over the calibration of the borrower-based tools.	MOF, DNB	ST	H	A Council of State review reaffirmed that accountability for borrower-based tools is to Parliament and lies with the MOF, thus does not allow for vesting the FSC with semi-hard powers, nor DNB with hard powers. However, the MOF has updated its methodology for borrower-based measure calibration, formally incorporating recommendations from DNB and the AFM to lower financial stability risks.
14	Gradually reduce the maximum limit of the LTV ratio to 90 percent by one percentage point per year.	MOF, DNB, FSC	ST	H	No action taken following the external review of Dutch borrower-based measures.
15	Keep monitoring and addressing fragilities from IO mortgages, including by increasing incentives for borrowers to lower their exposure to these mortgages.	AFM, DNB, NIBUD, MOF	I	M	All mortgage providers are required to periodically assess the affordability of IO mortgages, offer clients alternatives, and provide timely updates to the AFM. DNB

	Recommendation	Addressee	Timing*	Priority**	Status
					resumed monitoring of financial stability risks from IO mortgages in 2025Q4, once allowed by the Data Protection Authority. DNB monitoring of prudential risks continues, and prudential expectations were set for eight LSI banks with IO mortgages on their balance sheets. Mortgage providers have adjusted their loan policies to meet these expectations.
16	Gradually remove the mortgage interest deductibility.	MOF	ST	H	No action taken. The new government coalition agreement committed to maintaining mortgage interest deductibility.
Regulation and Supervision of Banks, Insurers, and Pension Funds					
17	Introduce a requirement for all mortgage credit providers and their mortgage clients to periodically update information on the clients' financial situation.	DNB, AFM, MOF	MT	H	The MOF will not move forward with plans to submit for consultation draft legislation requiring mortgage providers to periodically request relevant information on the financial situation of holders of mortgages with an interest-only component. The Ministry deems evidence that a legal mandate would raise clients' response rate insufficient to justify lowering client privacy protection.
18	Expand the number of on-site inspections for insurers in the lowest impact class, as a backstop to the risk-based approach.	DNB	ST	H	DNB put more focus for on-site insurer inspections in 2025 on lower impact classes (i2 and i1) instead of the highest impact class (i3): 2 out of 11 inspections were at impact class i2. A deep dive investigation of an insurers in class i1 and an on-site were conducted in 2025. Inspections with on-site of two i2 institutions are planned in 2026.
19	Closely monitor and proactively manage potential risks of the pension system transition for the authorities related to resources and legal risks.	MoSA, DNB, AFM	C	H	DNB's Pension Supervision Division team resources were increased by 20 FTEs in August 2024, as recommended by MoSA, based on the number of pension funds expected to transition in 2025 and 2026, the expected quality of pension funds' documentation and the adequacy of their decision-making processes, and the projected needs for guidance and early and focused feedback from DNB to the funds. DNB legal risks are mitigated by legally compliant assessment frameworks and processes. Critical decisions or actions require approval or review by at least two staff members and a dedicated internal body. External communication—including guidance and feedback to pension funds—is vetted by a "quality team", legal experts, and the internal body that makes recommendations on (legally) complicated issues. Experts

	Recommendation	Addressee	Timing*	Priority**	Status
					on supervisory interventions can be involved for challenging transition cases. The AFM's dedicated staff was also increased by 19 FTEs (from 11 to 30 FTEs). Its communication to pension funds follows similar principles and is aided by Pensions Department staff with legal background, with support from its legal and communications departments.
Securities Market Regulation and Supervision					
20	Continue risk-based use of thematic and firm-specific supervisory tools to ensure that key trading venues have robust arrangements in place to prevent and manage operational outages including where the market is unable to open or close.	AFM	I	H	Risk-based use of thematic and firm-specific supervisory tools to ensure key trading venues' robust prevention and management of operational outages is standard practice. The AFM collaborates with other national authorities with whom it conducted a review of one of the leading trading venues' outage rules, procedures and processes for business continuity in 2025. Additionally, the AFM is reviewing four large trading venues' compliance with Digital Operational Resilience Act ICT regulatory technical standards.
21	Continue to monitor liquidity mismatch in real estate and corporate bond funds, including risks arising from fund credit lines, and availability/use of appropriate liquidity management tools.	AFM, DNB	ST	M	The AFM works with IOSCO, ESRB and ESMA to improve liquidity management and valuation practices. Risks to real estate funds (REFs) are assessed in the AFM's quarterly asset management sector updates. DNB also monitors liquidity mismatch for REFs and corporate bond funds, except UCITS funds ^{2/} , as part of its periodic monitoring of leverage-related risks as mandated by Alternative Investment Fund Managers Directive (AIFMD) Article 25. It is exploring options to monitor risks from fund credit lines using AIFMD and AnaCredit data. AFM monitoring of funds' liquidity management is also expected to intensify to comply with AIFMD II stricter requirements for granularity of data on the use of credit lines set following ESMA's review of AIFMD/UCITS reporting standards and templates
Financial Integrity					
22	Produce a comprehensive risk assessment on the cross-border financial crime risks and misuse of legal vehicles, covering the risks stemming from conduit companies and foreign entities with complex legal structures and sufficient links to the Netherlands.	MOF, FIU, FEC	ST	H	A comprehensive risk assessment on the cross-border financial crime risks and misuse of legal vehicles is being conducted by the Financial Expertise Center. Completion is planned by end-2026Q2.

	Recommendation	Addressee	Timing*	Priority**	Status
23	Ensure completeness of the beneficial ownership registries, including resolving the legacy issues with pre-existing legal persons and liaising closely with the tax authorities concerning legal arrangements such as foreign trusts.	MOF, Chamber of Commerce	ST	M	The beneficial ownership register now covers 96.8 percent of legal entities (up from 85 percent mid-2025), reflecting the Tax and Customs Administration's Economic Enforcement Office's efforts to improve compliance. It had levied 592 administrative fines for inadequate registration against pre-existing legal entities in 2024. Registration of beneficial ownership (or deregistration of activity) was also boosted by new legislation to limit public access to the register on privacy concerns, following a European Court of Justice ruling.
24	Ensure that the intensity, depth, and scope of the risk-based AML/CFT supervision is informed by the lessons learnt from the remediation cases of the three largest banks, and that the risk-based procedures are aligned with the main risks, including tax risks to financial integrity relevant primarily in the context of the large number of conduit structures, and continue taking action to tackle the issue of illegal trust offices and underground banking.	DNB	I	H	DNB has further strengthened its risk-based approach to AML/CFT supervision, implementing recommendations from the FATF and an internal review. Since early 2024, DNB's data-fed annual risk identification process has been enriched by top-down risk analysis that identifies and assesses the risk profiles of financial institutions and helps focus the supervision of risk cases on areas of particular concern such as cross-border flows and tax integrity. The staff resources of DNB's Integrity Supervision Division team that focuses on countering illegal service provision were increased by 50 percent. Efforts to combat illegal trust activities were increased in 2026 in cooperation with the public prosecution service and tax authorities.
Financial Safety Nets and Crisis Management					
25	Operationalize the preferred and fallback resolution strategies for SIs and LSIs, by finalizing the authorities' relevant handbooks, sharing more non-confidential detail on DNB's resolution plans with LSIs and regularly testing DNB's resolution capabilities.	DNB, MOF, AFM, Deposit Guarantee Fund (DGF)	I	H	Operationalization of the preferred and variant strategies for SIs and LSIs is under way. Handbooks for bail-in, sale of business and the bridge bank were updated and enhanced. Testing of DNB's resolution capabilities is ongoing. However, all details on DNB's resolution plans are confidential and cannot be disclosed. Summaries of plans are provided to LSIs as needed, in line with SRB guidance.
26	Identify and operationalize national sources for the provision of liquidity in resolution, such as by relying on the existing Emergency Liquidity Assistance (ELA) framework and setting up and testing cross-border cooperation arrangements (¶176).	DNB	I	H	A national solution for liquidity (with designated sources for provision, and detailed operational arrangements, within the current legal framework and leveraging existing facilities) is being developed by DNB in close cooperation with the MOF. DNB also started technical discussions and cross-border adverse financial market event simulation exercises with other relevant national central banks, one of which was conducted in February 2025.

	Recommendation	Addressee	Timing*	Priority**	Status
					A Memorandum of Understanding for ELA involving a cross-border banking group was signed with one central bank; agreements with other national supervisory authorities are expected to follow.
27	Develop and regularly test a comprehensive financial crisis management plan that sets out authorities' roles and responsibilities and establishes an inter-authority decision-making body.	DNB, DGF	I	H	The financial crisis management handbook details the resolution plans, including the roles and responsibilities of all relevant stakeholders; it was updated after each crisis event simulation exercise conducted in 2024 and 2025. DNB periodically discusses resolution with the MOF. However, the authorities oppose the creation of an inter-authority decision-making body for financial crisis management, as they believe it would compromise DNB's Resolution Division's independence and role as the national resolution authority.
1/ Prepared by IMF staff based on input from the authorities. 2/ An Undertaking for Collective Investment in Transferable Securities (UCITS) funds are investment funds that invest in transferable securities and other liquid assets and can be distributed publicly to retail investors across the EU. * Timing: C = Continuous; I = Immediate (within one year); ST = Short Term (within 1–3 years); MT = Medium Term (within 3–5 years). ** Priority: H = High; M = Medium; L = Low.					

Annex V. Past IMF Policy Recommendations

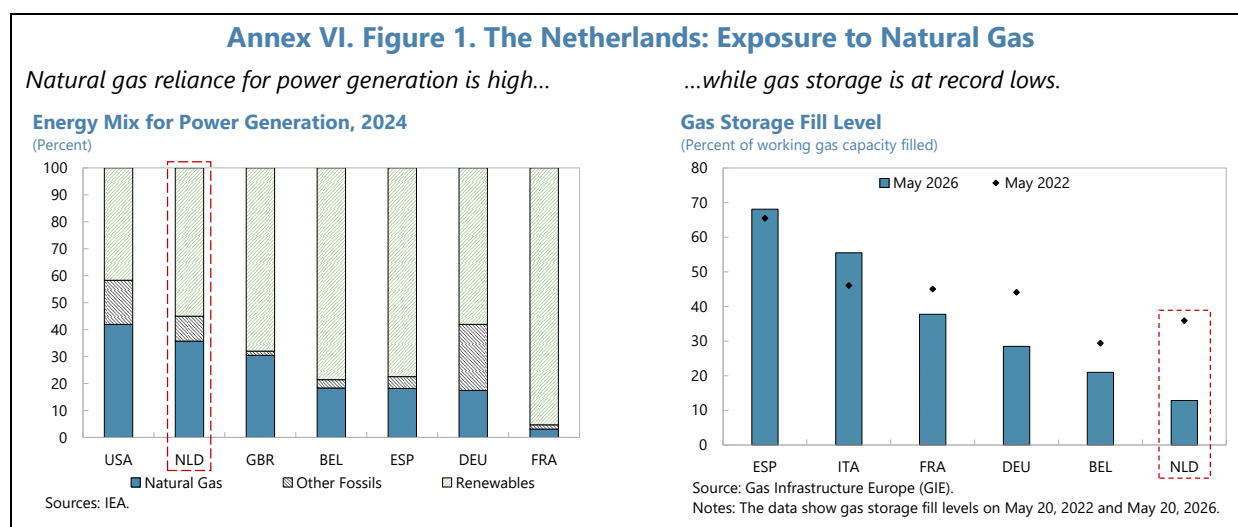
IMF 2025 Article IV Recommendations	Implementation
Fiscal Policy	
Fiscal policy should pivot from stimulating demand to expanding supply , by investing in infrastructure, education, and R&D, fostering investment to increase the housing supply, and implementing growth-enhancing tax reforms.	In progress. This is a central theme of the coalition agreement and spring memorandum. Implementation will be key.
Emerging inconsistencies call for policy actions to align more closely with long-term goals. For example, freezing social rents offers relief to some households but weakens the financial health of housing associations. Extending the reduction of fuel excises disincentivizes the clean energy transition. Cuts in education and R&D spending are at odds with higher desired levels of human capital and innovation.	Largely implemented. Several inconsistent measures have been reversed, including freezing of social rents, cuts in education and R&D spending. However, the reduced fuel excise has been extended again through 2027.
Medium-term spending pressures should be tackled through structural fiscal reforms to increase room to maneuver: (i) reversing the reduction of healthcare deductibles, increasing health care co-payments, and adjusting the basic policy package while supporting solidarity; (ii) linking the retirement age one-to-one to greater life expectancy for tax-funded old-age pensions; and (iii) moving away from fuel subsidies to carbon pricing and taxation.	In progress, ¶19. On healthcare, the coalition agreement commits to healthcare reforms, including reversing the reduction in deductibles. The proposed first pillar public pension reform—to link the retirement age one-to-one to life expectancy—will no longer be pursued due to public opposition.
Implementing the planned growth-enhancing tax reforms would provide additional support. Speedy implementation of the proposed capital income taxation reform would align investment incentives by taxing capital income more consistently and encouraging better resource allocation. Further streamlining inefficient and ineffective tax expenditure would also provide additional support.	In progress. The tax reform was passed by the lower house in February 2026 and is currently being debated in the senate.
Strengthen budget credibility and ensure better integration of policy evaluations in the budget process to enhance budget credibility.	Partially implemented and in progress. Several recommendations of the expert commission have been implemented, including a naïve revenue benchmark test, preparatory work on a more refined corporate income tax model, and more explicit discussions of underspending in budget documents, along with online publications of monthly revenue and expenditure realization of the budget and the discrepancy between budgets and outturn has been reduced. Budget execution risks remain, while some steps, like implementing more advanced tax forecasting models will take time to fully operationalize.

IMF 2025 Article IV Recommendations	Implementation
Structural Reforms	
Labor market and human capital reforms should focus on improving education outcomes and vocational training, reducing labor market duality, and better integrating migrants.	Planned. The coalition agreement plans to increase education investment and reversal of prior cuts in education.
Introduce mandatory disability insurance and strengthen pension arrangements for the self-employed.	In progress for disability insurance. Cabinet submitted a bill to parliament that would make disability insurance mandatory for all self-employed.
Consider a range of policies to support firm productivity; (1) enhance business dynamism; (2) increase productivity-enhancing investment; (3) foster productivity spillover; (4) expand SME financing through domestic capital market reforms	In progress. The authorities commit to raise R&D spending, with a focus on high-tech sectors. They plan to establish a National Investment Institution and an innovation agency (NADI) to enhance disruptive innovation, provide support for regional innovation campuses, and improve access to finance.
Develop a legally robust, future-oriented strategy to reduce nitrogen policy uncertainty	In progress. The coalition agreement commits to legally binding, sector-specific emission reduction targets for 2030 and 2035, to be supported by a €20 bn multi-year package to fund targeted emission reduction, area-specific measures around Natura 200 sites, and support for agriculture and manure management to ensure orderly agricultural transition.
Plans to relieve electricity grid bottlenecks and ready the grid for the green transition should be accelerated and paired with dynamic pricing.	In progress. Substantial grid investment is underway, and the coalition's plans focus on accelerating permitting and incentivizing demand flexibility and energy savings.
Strengthen incentives and clarify climate policies—shifting from subsidies to pricing, taxation, and regulation—to reduce uncertainty, support investment, and advance the EU agenda (CBAM, ETS reforms), while mitigating impacts on low-income households.	In progress. The coalition plans rightly focus on reducing fossil fuel dependence, accelerating grid expansion and the energy transition, while responding to the current energy shock with restrained, targeted package, avoiding broad energy price-based measures to preserve transition incentives.
Financial Sector Policies	
Focus calibration of borrower-based measures on minimizing financial stability risks (which can enhance consumer protection), with access to homeownership addressed by other policies.	Not implemented. The calibration of these measures continues to reflect the authorities' three objectives (facilitating access to home ownership, consumer protection, and financial stability). However, the Ministry of Finance has recently updated its calibration methodology, formally incorporating recommendations from DNB and the AFM to lower financial stability risks.
Mitigate risks of transnational aspects of corruption ¹	In progress. The authorities have taken steps to address OECD recommendations. ² In June 2025, the Ministry of Justice and Security presented the national anti-corruption strategy , which provides for a stronger focus on preventing corruption in the private sector, and a €5 million increase in the annual allocation to combat corruption (including foreign bribery). A study on

IMF 2025 Article IV Recommendations	Implementation
	foreign bribery by Dutch companies will be conducted. The Public Prosecution Service issued a binding policy guideline (Directive) on self-reporting by legal entities. Revisions to the Code of Criminal Procedure on conditions for non-trial resolution (including for foreign bribery cases) are pending parliament approval.
Carry out a more comprehensive analysis of risks from the misuse of legal entities and conduit structures; further enhance DNB's risk-based AML/CFT supervision of the banking and trust-office sectors; and improve the availability and accuracy of beneficial ownership information.	In progress. A comprehensive risk assessment on the cross-border financial crime risks and misuse of legal vehicles is being conducted by the Financial Expertise Center. Completion is planned by end-2026Q2. DNB has further strengthened its risk-based approach to AML/CFT supervision, implementing recommendations from the FATF and an internal review. The beneficial ownership register now covers 96.8 percent of legal entities (up from 85 percent mid-2025), reflecting the Tax and Customs Administration's Economic Enforcement Office's efforts to improve compliance. It had levied 592 administrative fines for inadequate registration against pre-existing legal entities in 2024. Registration of beneficial ownership (or deregistration of activity) was also boosted by new legislation to limit public access to the register on privacy concerns, following a European Court of Justice ruling.
¹ The Netherlands volunteered to have its legal and institutional frameworks assessed in the context of bilateral surveillance on supply and facilitation of corruption. IMF staff and the Dutch authorities have provided additional views and information whose accuracy have not been verified by the OECD Working Group on Bribery (WGB) or the OECD Secretariat, and which do not prejudice the WGB's monitoring of the implementation of the OECD Anti-Bribery Convention. ² The authorities reported completion of OECD Phase 4 evaluation in March 2026.	

Annex VI. Energy Price Shock: Transmission, Risks, and Contingent Policies

1. Higher energy prices impact the economy through reinforcing channels. Together with the associated increase in electricity and services prices, higher energy prices feed into inflation, compress real household incomes, and weigh on consumption. Higher costs and uncertainty depress investment. Low gas storage raises supply risks going into the winter. Energy-intensive industries, including chemicals, motor equipment and transport, face higher energy costs (Annex VIII). Still, the war's duration and scope are assumed to be limited.



Downside Scenario

2. A sharper, sustained increase in energy prices would materially worsen the outlook. In a **severe** scenario, oil and natural gas prices rise by a further 40 and 100 percent, on average, over 2026–27.¹ Weaker confidence and global trade, higher inflation expectations, and wider risk premia would weigh further on demand and investment. Relative to the baseline, GDP growth could roughly halve in 2026–27, while inflation would rise by about 0.8 and 2.3 ppt., respectively.

Contingent Policy Response

3. Fiscal policy should stand ready to provide targeted support if the shock intensifies or proves more protracted. The announced energy measures are well-targeted, restrained, and preserve price signals (¶16).² In the severe scenario with weaker but still positive growth and gas prices below their 2022 peak, automatic stabilizers should be allowed to operate freely. Any additional support should be limited, temporary, and targeted at vulnerable households and, where

¹ The severe scenario is calibrated to the April 2026 World Economic Outlook severe scenario.

² Corresponding to the authorities' yellow scenario (Annex VI. Table 1). See also [Government's plan: measures to limit the impact of high energy prices | Rijksoverheid.nl](#)

needed, support viable energy-intensive firms facing acute liquidity stress. Price subsidies and excise rate cuts should be avoided to maintain price signals. Broad discretionary stimulus is not warranted; fiscal space should instead support the energy transition and strengthen energy security.

4. The authorities' scenario-based contingency framework enhances preparedness. It calibrates the responses to progressively more adverse scenarios, targeting household and firm resilience, supply security, and long-term resilience (Annex VI. Table 1). Untargeted measures such as fuel tax cuts, VAT reductions, and price caps are excluded in favor of targeted tools, including means-tested emergency support scaling with prices, and temporary liquidity guarantees for viable firms. Resilience-enhancing investments in insulation and electrification will also incentivize the energy transition. In the worst-case scenario, more extreme than staff's severe scenario, support could include discretionary stimulus through broad income support, labor-market measures to prevent massive layoffs, and activation of oil and gas crisis plans.

Annex VI. Table 1. The Netherlands: Authorities' Scenarios and Contingent Policy Responses		
Scenario	Macro effects	Contingent Policy Measures
Green	No significant increase in energy prices (pre-war in the Middle East).	No additional measures envisaged beyond the Coalition Agreement and Spring Memorandum.
Yellow	Limited and temporary macro effects of higher energy prices.	Narrowly targeted support to the vulnerable, limited mobility measures, targeted expansions of existing liquidity guarantees for viable firms.
Orange	Broader macroeconomic effects from a more persistent energy shock than in yellow scenario.	Broader though still targeted household support and temporary energy-cost relief for viable firms could be deployed, like options to reduce electricity costs for energy-intensive industry as in the Coalition Agreement.
Red	Strait of Hormuz closed for a long time, global growth below 2%, large effects across the board on Dutch growth and inflation in 2026–27.	Further intensification of support, including price-certainty or insurance-type instruments and case-by-case support for individual viable (large) firms based on a formal assessment framework.
Black	Physical shortages of oil and/or gas. Shutdown of part of the economy as in 2020. Pricing no longer works.	Policy focus shifts from affordability to continuity: general income support preferred over price suppression, labor-market measures may be used to prevent mass layoffs, and oil and gas crisis plans would be activated.

Source: Government's letter to Parliament, April 20, 2026

Annex VII. Structural Drivers of the Current Account Balance

1. The current account surplus has risen significantly since the late 1990s, reflecting structural features related to trade intermediation, multinational activity, and high household savings. The port of Rotterdam has become a major gateway for goods to, from, and within Europe, leading to progressively higher trade in goods with Belgium, Germany, France and other EA countries. A large share of goods imported from China and the U.S. enters Europe via Rotterdam before being shipped onward; re-exports account for 40 percent of total exports, nearly doubling the trade balance (adjusting for corresponding imports) (Annex VII Figure 1). The presence of many multinationals contributes to volatility in the current account through primary income flows.

2. From a saving-investment perspective, rising corporate savings from both multinationals and SMEs have been the main structural driver of the surplus. Multinationals headquartered in the Netherlands record profits domestically while channeling a large part of their investment abroad as FDI, keeping corporate saving high. This introduces measurement biases of portfolio equity retained earnings,¹ overstating the net accumulation of wealth attributed to Dutch residents. Merchanting may also materially affect multinationals' profit allocation and contribute to the high corporate savings. Many SMEs retain rather than distribute profits—transferring profits from the operating company to a holding company tax-free under a "participation exemption" rule (*deelnemingsvrijstelling*)—to finance future investment or defer personal income taxation.² High pensions savings—from the second-pillar capital-funded occupational pension schemes with large coverage, robust replacement ratios, and strict pre-funding requirements—made up about 75 percent of households savings on average over the past decade. High mortgage obligations and owning costs are an important driver of residual (non-pension) private savings for downpayments. Precautionary savings may also be more often needed than in neighboring countries like Belgium, Germany or France, because a significantly larger share of Dutch household wealth is tied up in illiquid home equity and insurance and pension fund contributions.

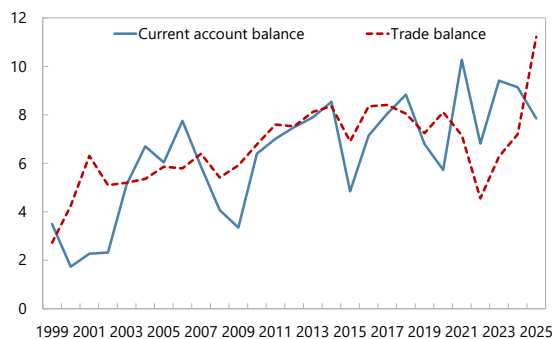
¹ A bias arises for example if retained earnings of domestically incorporated firms are statistically recorded as accruing to residents even when they largely belong to non-resident equity holders.

² "Participation exemption" is a common corporate tax rule that prevents double taxation by exempting qualifying dividends and capital gains received from qualifying subsidiaries from corporate income tax. See box 1 of the [2025 Article IV report](#) for a more detailed discussion of the tax bias for profit retention over distribution.

Annex VII. Figure 1. The Netherlands: Structural Drivers of the Current Account Balance

The increasingly large current account surplus is driven by trade (in goods).

Current Account and Trade Balances
(Percent of GDP)

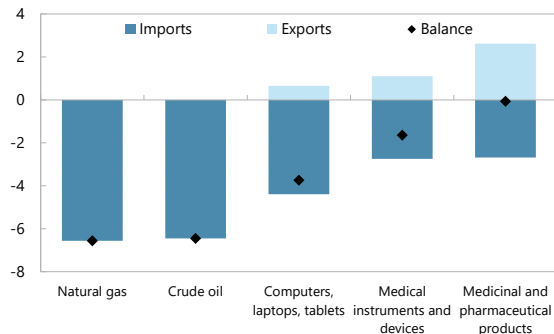


Sources: Haver Analytics and IMF staff calculations.

The trade deficit with the US is largely due to fuel imports.

Top 5 Import Products from the US by Value

(Billion euros, 2025)

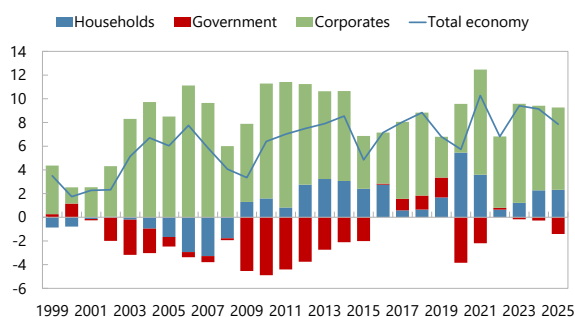


Source: CBS.

High corporate savings (and low investment) from multinationals and SMEs were the main structural driver of the rise in the surplus.

Saving-Investment Balance

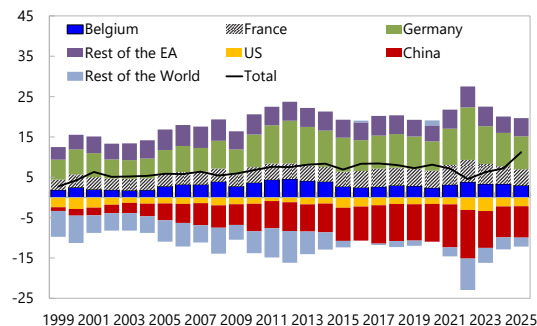
(Percent of GDP)



Sources: Haver Analytics and IMF staff calculations.

This trade surplus arises with the rest of the EA, offsetting trade deficits with the U.S., China, and the rest of the world.

Trade Balance by Region
(Percent of GDP)

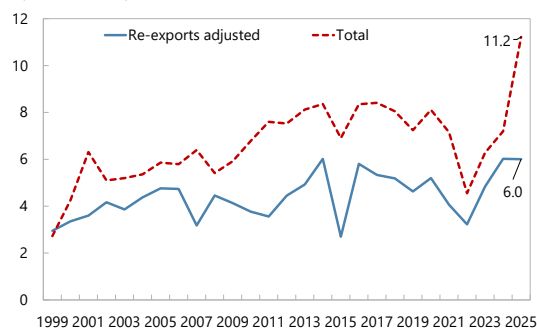


Sources: Haver Analytics and IMF staff calculations.

Re-exports accounted for about 40 percent of exports, fueling the rise in the trade balance (adjusting for corresponding imports).

Trade Balance

(Percent of GDP)

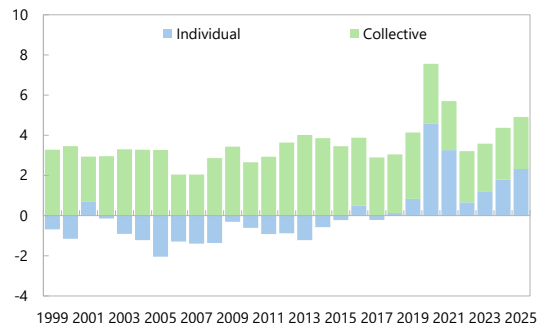


Sources: DNB and IMF staff calculations.

Collective pension savings dwarfed other household savings until the pandemic.

Household Net Savings

(Percent of GDP)



Sources: CPB, CBS, and IMF staff calculations.

Annex VIII. Energy Prices and Competitiveness of the High-Tech Sector¹

High energy costs, transmitted via electricity, pose a competitiveness risk for Dutch high-tech. Impacts vary by sector, reflecting energy intensity, cost structures, and exposure to power prices, with some sectors hit harder than peers as fuel prices rise. While temporary relief helps, lasting gains require accelerating the transition—reducing gas dependence, expanding grids, enhancing demand flexibility and efficiency.

1. High energy costs, transmitted primarily through electricity prices, are a key risk to the cost competitiveness of the high-tech sector. Electricity prices in the Netherlands are structurally high, reflecting continued reliance on gas-fired power generation, increasingly stringent EU and national climate policies, and high network charges. These structural features amplify the pass-through of fuel price volatility to industrial electricity prices, increasing the exposure of energy-intensive high-tech sectors to sustained cost pressures. Recent increases in global fuel prices from the war in the Middle East add to these pressures. If energy costs remain elevated, they could weaken output in exposed subsectors, with broader macroeconomic implications.

2. This analysis simulates the impact of higher energy prices on costs and output in Dutch high-tech industries under four scenarios through 2030, relative to a reference path:²

- **Scenario 1 (fuel price shock):** A permanent increase of about 30 percent for oil and 40 percent for gas relative to a pre-war reference path, with pass-through to electricity prices.³ For this scenario, prices are assumed to remain at the elevated 2026 levels through 2030. This implies an electricity price increase of about 8 percent by 2030.
- **Scenario 2 (domestic electricity pricing):** An increase in electricity prices due to a 5 percent annual increase in network charges—reflecting investment needs to alleviate persistent grid congestion—and a removal of the Indirect Cost Compensation (ICC)⁴ already in 2028 (removal in 2034 in the reference scenario). This implies an electricity price increase of about 17 percent by 2030 for the chemicals and pharma sectors.

¹ Prepared by Ian Parry and Karlygash Zhunussova (FAD), and Nina Budina (EUR).

² The analysis uses the IMF/World Bank Climate Policy Assessment Tool (CPAT) and input-output tables among other datasets. In all scenarios the model considers the behavioral responses by industrial and power sectors to higher energy and electricity prices by shifting consumption to cheaper fuels and by consumers through decreasing demand for electricity/industrial products, but abstract from broader macroeconomic feedback mechanisms.

³ The shock is calibrated to the difference between April 2026 and January 2026 *World Economic Outlook* fuel price projections for 2026 but assumed to be permanent. The pre-war reference path anchors Brent oil at about USD 63 per barrel and natural gas at USD 10.3 per MMBtu in 2026; the shock implies prices of around USD 80 per barrel and about USD 15 per MMBtu, respectively. Coal prices increase by about 10 percent.

⁴ ICC was extended until 2028, it offsets high electricity costs driven by the EU ETS for energy-intensive industries.

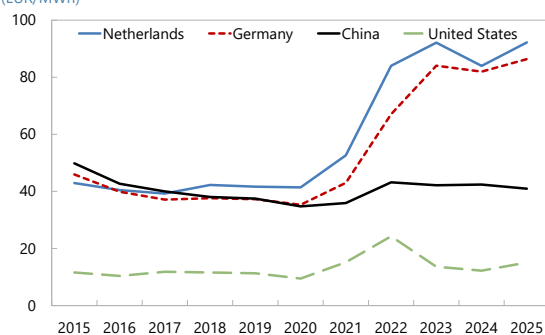
- **Scenario 3 (carbon pricing):** EU ETS permit prices rising to €100 per ton of CO₂ by 2030, with full phase-out of free industrial allowances (reference EU ETS permit prices modelled at about €80 per ton of CO₂). This implies an electricity price increase of about 6 percent by 2030.
- **Scenario 4 (combined scenario):** All three shocks are applied simultaneously to illustrate the cumulative upward pressure on industrial energy costs.

Annex VIII. Figure 1. The Netherlands: Developments in Energy Prices

Natural gas prices in Europe rose sharply following Russia's invasion of Ukraine and remained high.

Natural Gas Prices for Industrial Users

(EUR/MWh)

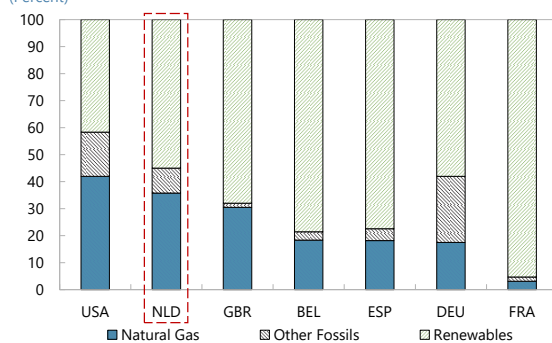


Sources: Eurostat, EIA, CEIC, and staff calculations.

...given the stronger reliance on gas for electricity production relative to peers...

Energy Mix for Power Generation, 2024

(Percent)

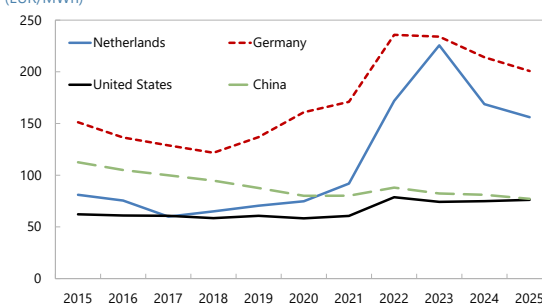


Source: IEA.

Dutch electricity prices closely track gas price developments...

Industrial Electricity Prices

(EUR/MWh)



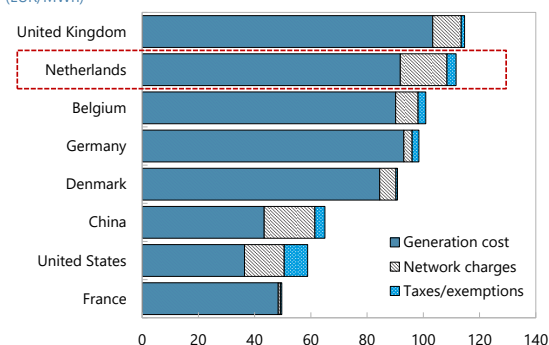
Sources: Eurostat, EIA, CEIC, and staff calculations.

Notes: European data refer to electricity prices for non-household consumers in consumption band IE with annual consumption between 20,000 and 69,999 MWh.

There is an additional burden from high grid charges

Electricity Prices for Large Industrial Users in 2025

(EUR/MWh)



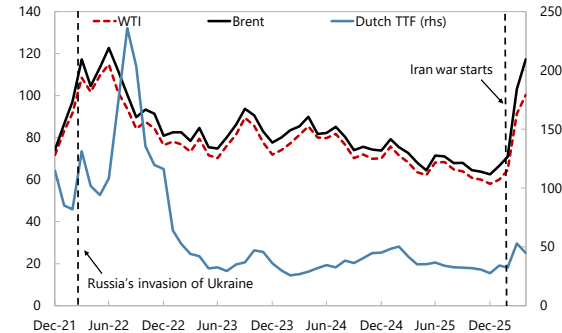
Source: E-bridge (2025).

Annex VIII. Figure 1. The Netherlands: Developments in Energy Prices (concluded)

The war in the Middle East has amplified global energy market volatility and pushed up energy prices.

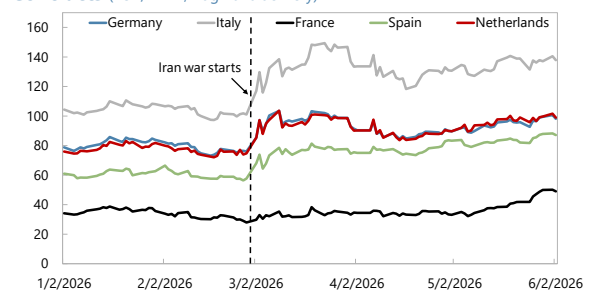
Daily Oil and Dutch TTF Gas Prices, 2021-2026

(LHS: USD per Barrel; RHS: EUR/MWh; Monthly Average)



Sources: Energy Information Administration and ICE Index.

Wholesale electricity prices are expected to rise by more than 30 percent in the Netherlands.

Market-Implied Electricity Prices from Power Futures Contracts (EUR/MWh, Aug 2026 delivery)

Sources: ICE Index and Bloomberg finance, L.P.

Notes: Data reflect market-implied monthly average wholesale electricity prices in EUR/MWh for country-specific power futures contracts with delivery in Aug 2026. Higher levels indicate that the market expects higher wholesale electricity prices in the delivery month.

3. Higher energy prices affect high-tech industries unevenly, reflecting differences in energy intensity and cost structures. Chemicals and pharmaceuticals are most affected: output falls up to 5 percent under the fuel price shock (Scenario 1), 8 percent under the domestic electricity price shock (Scenario 2), and 20 percent under the combined shock (Scenario 4), with sharp production costs increases across scenarios (Annex VIII, Figure 2). Motor vehicles and transport face smaller losses of about 2 percent (Scenario 1) and up to 5 percent under the combined shock (Scenario 4). Machinery and electronics are least affected, with output losses below 1 percent and production costs rising by 1 to 5 percent across scenarios.

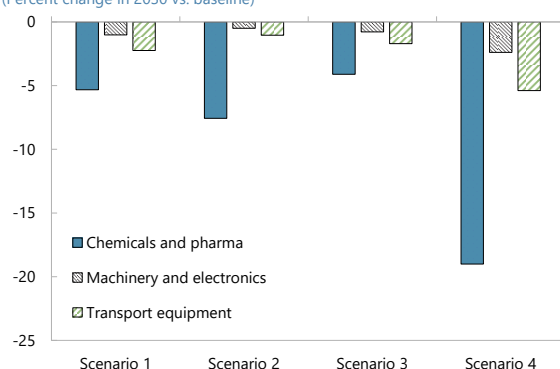
4. Electricity prices are a central channel through which higher energy prices and climate policies affect the sector. Given the Netherlands' reliance on gas-fired power generation, higher fuel prices feed into electricity prices, amplifying cost pressures across sectors (Annex VIII, Figure 1). Under domestic pricing shock (Scenario 2), higher network charges and earlier ICC removal reduce output of chemicals and pharmaceuticals by 8 percent, while other sectors are affected only through higher network costs, as they are not eligible for ICC. Under the carbon pricing shock (scenario 3), higher ETS permit prices and the phase-out of free allowances reduce output of chemicals and pharmaceuticals by about 4 percent and by less than 1 percent elsewhere. Machinery and electronics and motor vehicles, and transport are more sensitive to electricity cost increases—accounting for 40 to 75 percent of production cost pressures, while chemicals and pharmaceuticals are most affected by the earlier ICC support removal (Scenarios 2 and 4).

Annex VIII. Figure 2. The Netherlands: Impact of Higher Energy Prices by Sector

Higher energy prices have the most adverse effects on output and costs in chemicals and pharmaceuticals.

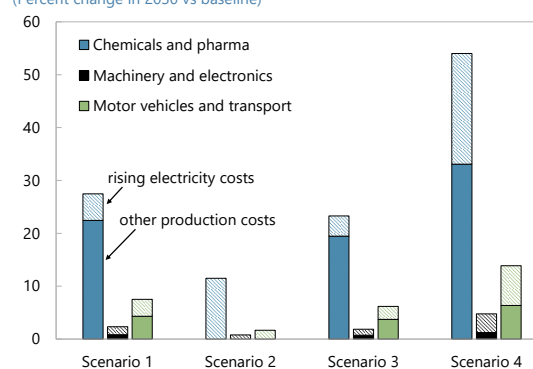
Impact on Output

(Percent change in 2030 vs. baseline)



Impact on Production Costs

(Percent change in 2030 vs. baseline)



Source: IMF Staff Calculations.

Note: The simulations show the impact on output and production costs under four scenarios. Increase in fuel costs includes the behavioral response of the power sector, shifting to more cost-effective power mix. Increase in all other production costs includes direct increase in fuel prices used as inputs and for energy, abatement costs (costs of shifting to a more cost-efficient fuel usage by the industry), and, if applicable, increase in international supply costs driven by partially passed forward foreign abatement costs.

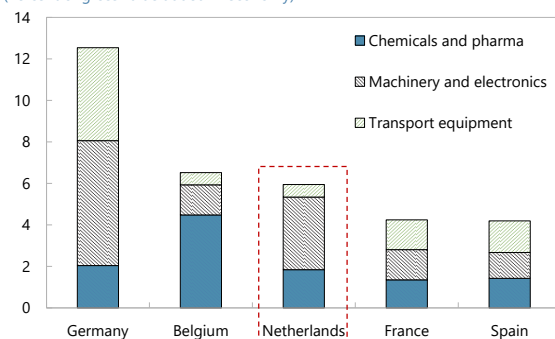
5. Relative to peers, some Dutch high-tech sectors are more exposed due to higher energy-intensity (Annex VIII, Figure 3). Chemicals and pharmaceuticals are especially fossil fuel-intensive, with electricity use only moderately above peers, suggesting limited substitution toward electrification. Motor vehicles and transport are more electrified than peers, making electricity prices the dominant cost driver. Machinery and electronics show lower fossil energy intensity than peers, with similarly low electricity use. Although the high-tech industrial sector accounts for only 6 percent of value added—roughly half of Germany's share—above-peer energy intensity in some subsectors implies disproportionate competitiveness risks.

Annex VIII. Figure 3. The Netherlands and Peers: High-Tech Industry Size and Energy Usage

While Dutch chemicals and pharma are of a similar size to peers...

High-Tech Industry Size in 2023

(Percent of gross value added in economy)

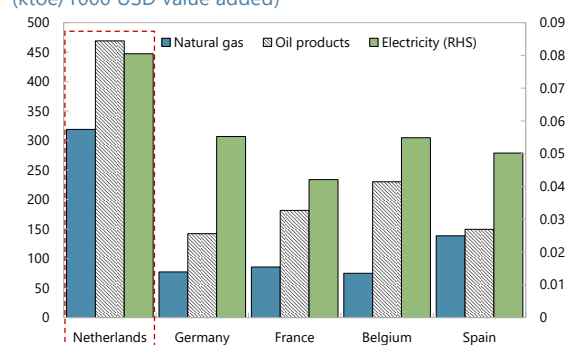


Sources: Eurostat and IMF staff calculations.

...they are more energy-intensive and fossil-dependent relative to most peers

2023 Energy Usage: Chemicals and Pharmaceuticals

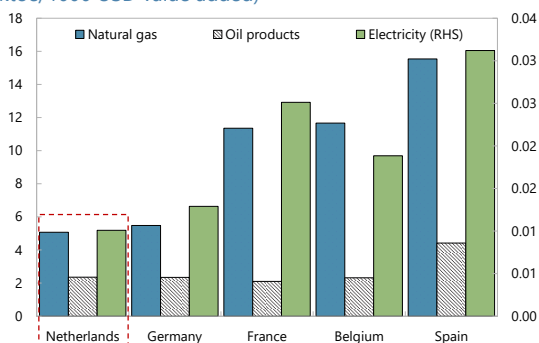
(ktoe/1000 USD value added)



Annex VIII. Figure 3. The Netherlands and Peers: High-Tech Industry Size and Energy Usage (concluded)

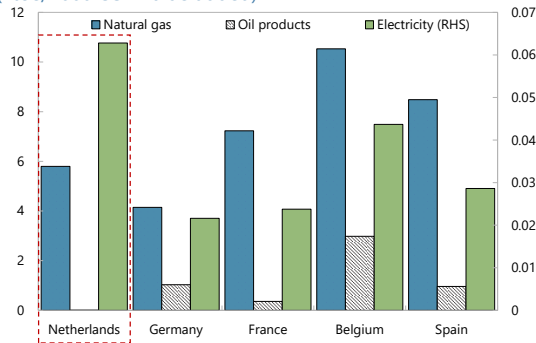
Dutch machinery and electronics show low fossil energy intensity relative to peers.

2023 Energy Usage: Machinery and Electronics
(ktoe/1000 USD value added)



Dutch motor vehicles and transport are more electrified and less energy-intensive than peers.

2023 Energy Usage: Motor Vehicles and Transport
(ktoe/1000 USD value added)



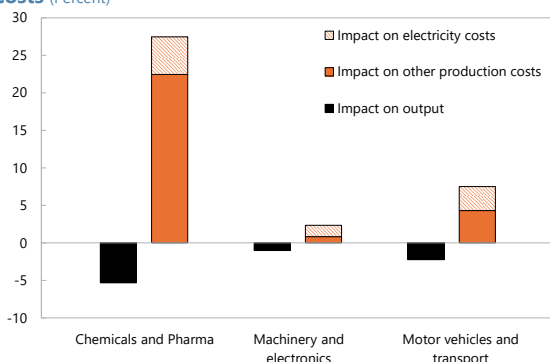
Sources: IEA World extended energy balances dataset, OECD Input-Output tables (2025 release), Eurostat, IMF staff calculations
Note: High- and medium-high-tech industries are mapped using NACE Rev. 2 codes: chemicals and pharma (C20-C21), machinery and electronics (C26-C28), and transport equipment (C29-C30). Energy usage is calculated as usage of natural gas, oil products, and electricity in 2023, expressed in kilotonnes of oil equivalent (ktoe) per 1000 USD added value in 2023 (latest available data).

6. Cross-country simulations confirm that some Dutch high-tech sectors face stronger competitiveness cost pressures from global fuel prices increases than peers (Scenario 1, Annex VIII, Figure 4). Chemicals and pharmaceuticals see the largest cost increases across countries, with the Netherlands at the upper end, reflecting high energy intensity and fossil fuel use. Motor vehicles and transport face smaller cost increases overall, but still exhibit above-peer cost pressures as fuel prices pass through indirectly via electricity prices impacting the relatively more electrified industries. In machinery and electronics, overall effects are smaller, but indirect electricity cost drivers still account for about 65 percent of total production cost increases.

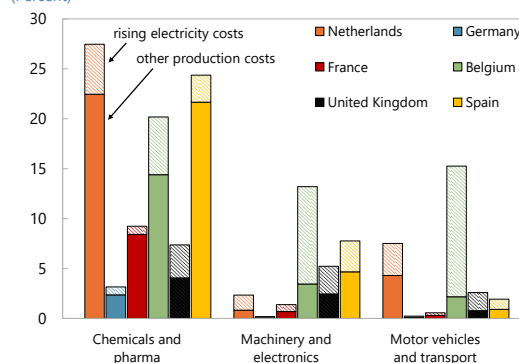
Annex VIII. Figure 4. The Netherlands: Impact of Higher Energy Prices by Sector

Competitiveness pressures from the ongoing energy shock could be sizeable for the Dutch chemicals sector.

Impact of Higher Energy Prices on Output and Production Costs (Percent)



Impact of Higher Energy Prices on Production Costs (Percent)



Source: IMF Staff Calculations.

Note: Increase in electricity costs includes the behavioral response of each country's power sector to increase in fuel prices (counteracted by ICC, if applicable), shifting to more cost-effective power mix. Increase in all other production costs includes direct increase in fuel prices used as inputs and for energy, abatement costs (costs of shifting to a more cost-efficient fuel usage by the industry), and increase in international supply costs driven by partially passed forward foreign abatement costs.

Policy Options

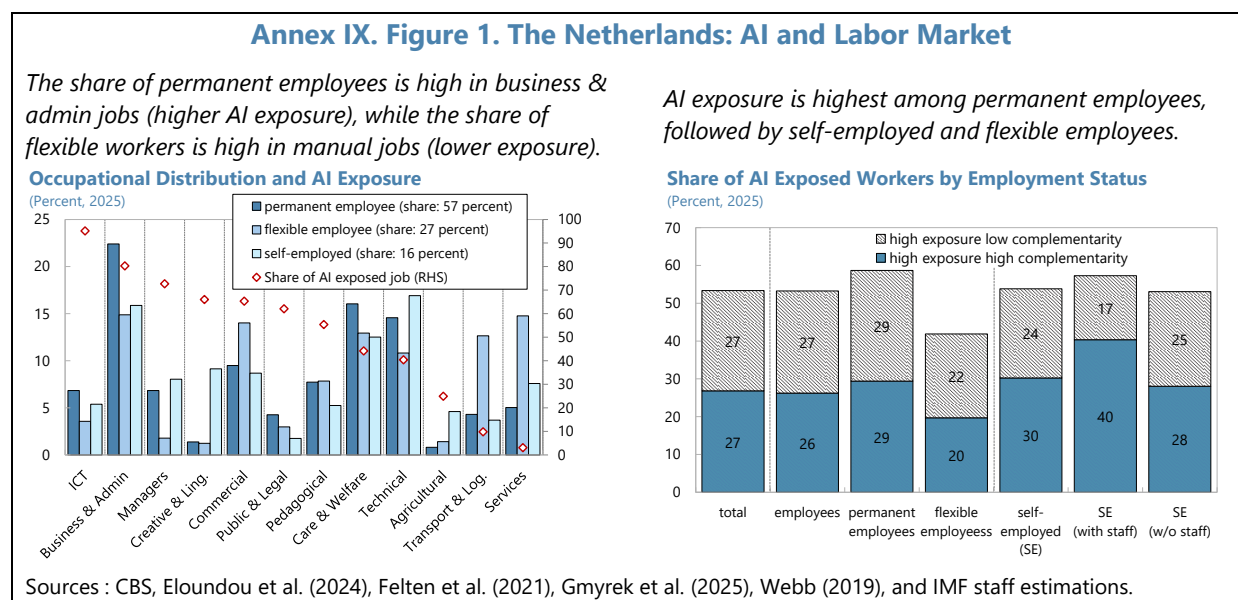
7. Policy options to mitigate energy-driven competitiveness pressures operate within EU rules and largely provide temporary relief, underscoring the need for structural adjustment.

Within the EU ETS framework, energy-intensive and trade-exposed sectors benefit from free emission allowances, while electricity-intensive firms may receive Indirect Cost Compensation (ICC), both subject to State aid rules and phased out as the Carbon Border Adjustment Mechanism (CBAM) is introduced over 2026–2034. These instruments can cushion short-term cost pressures but weaken price signals, reduce incentives for energy efficiency, and entail fiscal costs; they should therefore be well targeted, temporary, and limited to energy-intensive but otherwise viable firms. Investment-based support for low-carbon production, including national schemes such as SDE++ and EU-level clean-tech subsidies, can strengthen medium-term competitiveness by lowering the cost of clean inputs and encouraging domestic investment, but also carry fiscal costs and risks of market distortion, highlighting the importance of careful targeting and clear time limits. Ultimately, sustaining competitiveness will require accelerating the energy transition to reduce gas dependence and exposure to geopolitical shocks, expanding grid capacity to alleviate congestion and contain network charges, incentivizing flexible demand and energy savings, and strengthening policy predictability, rather than relying on continued energy price relief.

Annex IX. AI Exposure and Labor Market Adjustment in The Netherlands¹

1. Applying the existing studies of AI exposure to Dutch labor market suggest that around 50 percent of workers could be exposed to AI.² Among AI-exposed jobs, roughly half are likely to be complementary to AI, with the other half facing higher risks of job replacement (low complementarity). Reflecting their larger share of business and administrative workers—occupations with higher AI exposure—permanent employees exhibit the highest exposure, followed by the self-employed. Flexible workers face relatively lower exposure due to their higher representation in physical or manual (e.g., service and transport and logistic) occupations.

2. The findings point to a need for labor mobility and reskilling, but labor-market duality in the Netherlands could act as a bottleneck. Widespread AI adoption is likely to reshape task demand and require labor reallocation across sectors and occupations. However, adjustment may be slow as the most exposed group (permanent employees) is also the most protected by employment regulations. More limited training opportunity for the self-employed and flexible employees, relative to permanent employees, raises concerns about their AI-related reskilling. The self-employed may be particularly vulnerable due to the lack of unemployment insurance and the need to self-finance training. While exposure among flexible employees is lower on average, those affected may face greater risks because of weaker dismissal protection. Revisiting labor-market regulations, alongside expanding access to general and advanced AI training, will be needed to support the AI transition.



¹ Prepared by Shinya Kotera and Yuqi Bao (EUR).

² AI exposure from four studies ([Eloundou et al. \(2024\)](#), [Felten et al. \(2021\)](#), [Gmyrek et al. \(2025\)](#), and [Webb \(2019\)](#)) are mapped to ISCO-08 (4-digit), following [Misch et al. \(2025\)](#). Occupations above the median AI score (gradient ≥ 2 in Gmyrek et al. (2025)) are classified as exposed. ISCO-08 are mapped to the BRC 2014 classification (4-digit) based on [Dijkman \(2026\)](#) and then aggregated using 2025 employment weights. Results report the average of the four studies, and complementarity shares are estimated based on Felten et al. (2021).

Annex X. Data Issues

Annex X. Figure 1. The Netherlands: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating ¹							
A							
Questionnaire Results ²							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	A	A	A	A	A	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	A	A	A	A	A		
Granularity ³	A		A	A	A		
			A		B		
Consistency			A	B		A	
Frequency and Timeliness	A	A	A	A	A		
Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.							
¹ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.							
² The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i> , January 2024, Appendix I).							
³ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
Rationale for staff assessment. Data provision is adequate for surveillance. The Netherlands' economic databases are generally comprehensive and high quality. The authorities regularly publish a full range of economic and financial data. The Netherlands is also subject to the statistical requirements of Eurostat and the European Central Bank, including the timeliness and reporting standards, and it has adopted the European System of Accounts 2010. However, balance of payments and IIP data are frequently subject to significant data revisions that complicate identifying underlying trends and assessing the external sector, primarily due to the volatility of primary income flows and the complexities of tracking cross-border holdings of assets and liabilities that reflect the country's status as a base for multinational corporations. Supervisory authorities' access to loan-level data is restricted by law, on privacy grounds, somewhat limiting their and, by extension, staff's monitoring of financial stability risks, including from interest-only mortgages.							
Changes since the last Article IV consultation The broad assessment of data adequacy is unchanged from the previous Article IV consultation. No new data weaknesses have been identified since the last Article IV consultation. Timeliness of national account and labor market data was improved; first estimates are now published 30 days instead of 45 days after the end of a quarter.							
Corrective actions and capacity development priorities The authorities are drafting legislation to ensure that they have a clear legal basis to access granular transaction/loan-level data regularly for financial soundness and systemic risk monitoring and analysis, including for residential and commercial real estate loans. The inclusion of new data sources, adjustments to the classification of Dutch subsidiaries of foreign companies, and efforts to ensure consistency with trade partner data, as part of Statistics Netherlands' 5-yearly benchmark revision, should help improve the quality of BOP and IIP data.							
Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics.							
Other data gaps. No other macro-critical data gaps.							

Annex X. Figure 2. The Netherlands. Data Standards Initiatives

Netherlands adheres to the Special Data Dissemination Standard (SDDS) Plus since January 2015 and publishes the data on its National Summary Data Page. The latest SDDS Plus Annual Observance Report is available on the Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>).

Annex X. Figure 3. The Netherlands: Table of Common Indicators for Surveillance As of June 8, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ¹	Frequency of Reporting ²	Expected Frequency ³	Announced Frequency ⁴	Expected Timeliness ⁵	Announced Timeliness ⁶
Exchange Rates	2026-06-08	2026-06-08	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-05	2026-06	M	M	M	M	1W	NLT 11D
Reserve/Base Money	2026-05	2026-06	M	M	M	M	2W	2W
Broad Money	2026-05	2026-06	M	M	M	M	1M	1M
Central Bank Balance Sheet	2026-05	2026-06	M	M	M	M	2W	2W
Consolidated Balance Sheet of the Banking System	2026-05	2026-06	M	M	M	M	1M	1M
Total assets of other depository corporations ²	2026-05	2026-06	Q	Q	M	M	1M	1M
Total credit from other depository corporations ²	2026-04	2026-06	M	M	M	M	1M	1M
Interest Rates ³	2026-06-08	2026-06-08	D	D	D	...	...	...
Consumer Price Index	2026-05	2026-06	M	M	M	M	1M	2W
Revenue, Expenditure, Balance and Composition of Financing ⁴ -General Government ⁵	2025-12	2026-04	Q	Q	A	...	2Q	...
Revenue, Expenditure, Balance and Composition of Financing ⁴ -Central Government	2025-12	2026-04	Q	Q	M	M	1M	1M
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	2025-12	2026-04	Q	Q	Q	Q	1Q	1Q
Total stock of General Government Debt ⁶	2025-12	2026-04	Q	Q	Q	Q	4M	3M
External Current Account Balance	2025-12	2026-03	Q	Q	Q	Q	1Q	80D
Exports and Imports of Goods and Services	2025-12	2026-03	Q	Q	M	M	8W	6-8W
GDP/GNP	2026-03	2026-04	Q	Q	Q	Q	1Q	6W
Gross External Debt	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q

¹ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

⁴ Foreign, domestic bank, and domestic non-bank financing.

⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. The total stock of general government debt is required for SDDS Plus countries and encouraged for SDDS and e-GDDS countries.

⁶ Including currency and maturity composition.

⁷ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("T") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁸ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan. Indicators that are not in the IMF Data Standards Initiatives are shown as "...".

⁹ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".



KINGDOM OF THE NETHERLANDS— THE NETHERLANDS

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

June 29, 2026

Prepared By:

European Department

CONTENTS

FUND RELATIONS	2
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FUND RELATIONS

(As of May 31, 2026, unless specified otherwise)

Membership Status: Joined December 27, 1945; Article VIII.

General Resources Account:	SDR Million	Percent of Quota
Quota	8,736.50	100.00
Fund holdings of currency	6,479.78	74.17
Reserve Tranche Position	2,258.24	25.85
Lending to the Fund		

SDR Department:	SDR Million	Percent of Allocation
Net cumulative allocation	13,210.17	100.00
Holdings	13,733.44	103.96

Outstanding Purchases and Loans: None

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Stand-By	Sep 12, 1957	Mar 12, 1958	68.75	0.00

Projected Obligations to Fund¹ (SDR million; based on existing use of resources and present holdings of SDRs):

	2026	2027	2028	2029	2030
Principal					
Charges/Interest		0.06	0.06	0.06	0.06
Total		0.06	0.06	0.06	0.06

Implementation of HIPC Initiative

Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI)

Not Applicable

Implementation of Catastrophe Containment and Relief (CCR)

Not Applicable

¹ When a member has overdue financial obligations outstanding for more than three months, the amount of arrears will be shown in this section.

Exchange Rate Arrangement

The currency of the Netherlands is the euro. The exchange rate arrangement of the euro area is free floating. The Netherlands participates in a currency union (EMU) with 20 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies.

The Netherlands has accepted the obligations under Article VIII, Section 2, 3, and 4 of the IMF's Articles of Agreements, and maintains an exchange system free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, with the exception of restrictions imposed solely for the preservation of national or international security, which have been notified to the Fund in accordance with Executive Board Decision No. 144-(52/51).

Last Article IV Consultation:

The last Article IV consultation was concluded on July 16, 2025. The Executive Board assessment and the staff report have been published ([IMF Country Report No. 25/197](#)).

Financial Sector Assessment Program (FSAP) Participation:

The 2024 FSAP was considered by the Executive Board on April 5, 2024. The Financial System Stability Assessment report has been published ([IMF Country Report No. 24/87](#)).