



Belgium at the fore in Europe

Giving business its right place



LISBON STRATEGY

IMPLEMENTATION REPORT 2003

(06/03/03)

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The concrete and effective implementation at national level of the decisions taken at the European level within the framework of the Lisbon Strategy, first launched in March of 2000, has been delayed time and time again as a result of lacking political will.

We note, in particular in view of the objectives of the Lisbon Strategy, and despite some excellent projects having been carried out, that the achievements made by Belgium in this respect have been rather mediocre in an international perspective.

Whether in terms of competitiveness, administrative costs or the liberalisation of markets, our country is often lagging behind its competitors.

Furthermore, the concept of an active welfare state is still not really off the ground in Belgium because our authorities have been unable to strike the right balance between rights and obligations. This rings true above all in terms of our social security structures. Moreover, business has been faced over the last few years with a number of interventionist, often unwelcome measures which have done nothing to promote job creation.

Sound public finances remain crucial for the Belgian economy. For three consecutive years the Belgian government has been successful in breaking even at the close of the budget year. Unfortunately, however, it has not managed to restrict current government spending to a sufficient extent to be able to fund a further reduction of employer social security contributions.

This study highlights the delays and weaknesses shown by Belgium in improving its competitiveness and appeal in line with the essential objectives of the Lisbon Strategy. It also lays down concrete proposals (as well for new businesses, SMEs, growing companies and major firms) to promote entrepreneurship, to remedy the structural weaknesses of the Belgian economy, and turn it into a knowledge economy able to come to the fore within Europe.

If realised, these proposals would improve the growth potential of the Belgian economy and, thereby, boost job creation in the future.

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The 10 guideline proposals of the FEB

1. **Maintaining competitive energy prices within Belgium**

Liberalising the energy sector and limiting the various social, environmental and local commune levies for gas and electricity to the average charges levied by our five major competitors.

2. **Further reducing the financial burden placed on businesses**

Reducing employers' contributions by EUR 1.4 billion and progressively decreasing the corporate tax rate to 30%.

3. **Introducing a catch up programme as soon as possible in order to strengthen our economic basis**

Drawing up policies to encourage both public and private investment in R&D (aim: 3% GDP) and progressively increasing spending on our transport infrastructure (aim: 1.5% GDP).

4. **Developing a labour market tailored to employment needs**

Establishing a link between entitlement to unemployment benefit and effort made to train and/or find new employment and creating greater flexibility and freedom of choice for both employers and employees.

5. **Conducting an in-depth reform of the salary system**

Implementing a global increase agreed in advance every two years so as to ensure protection from price fluctuations.

6. **Reintroducing a salary ceiling to be used to calculate social security contributions**

As it is the case in the majority of European countries.

7. **Conducting an in-depth and rapid reform of healthcare**

Enhancing the role of complementary insurance in addition to the legally required insurance so as to restrict any spending increases within the legal system by linking it to a growth standard that follows GDP.

8. **Producing tangible results in terms of breaking down bureaucracy**

Systematically drawing up impact assessments prior to all government decisions and legislative initiatives.

9. **Supporting self-regulation in terms of corporate governance and ethics**

Stopping legal intervention as regards corporate governance and ethics, and implementing these principles within public-sector companies.

10. **Complying with the Kyoto objectives without distorting competition within Europe**

Giving priority to harmonising the rules governing the application of climate policy measures across Europe and reopening the nuclear issue in order to meet with the Kyoto objectives and guarantee the independence of Belgium in terms of its energy supply.

Opening up markets

The Lisbon Strategy provides in particular for:

- ▶ Completing the liberalisation of telecommunications
- ▶ Continuing with the liberalisation of transport
- ▶ Liberalising the postal services
- ▶ Creating a European energy market for electricity and gas

The FEB has found that:

- Although the range and quality of the telecommunications services on offer can be said to be good/very good, prices are still relatively high. Furthermore, we are far behind in transposing the new European regulatory framework for electronic communications. In addition to this, the discussions to be held in order to ensure that this new European framework is implemented at the correct level, either state or federal entity, have still not taken place.
- Government investment in our transport structures is amongst the lowest in Europe. This lack of funding is having a negative effect on the quality and safety of the transport on offer and creating additional costs for businesses. Moreover, solutions such as carpooling and teleworking, which help promote mobility, should be encouraged more.

Our rail transport structures are systematically considered only from the point of view of a public-sector service, i.e. as a passenger transport solution. As a result, rail transport of goods, which would alleviate the traffic on our road network, has little space to develop itself and indeed continues to drop. Moreover, although the Royal Decree establishing the conditions according to which the main rail network is to be opened up to competition in the field of international goods transport is currently being published in the *Moniteur Belge*, a great many of the practicalities of this system have as yet not been determined. The SNCB, Belgium's principal transport provider and the owner and manager of the Belgian rail system, is consequently still in control of the conditions under which it allows its competitors access to "its" network.

Additionally, the access and operation conditions for road and waterway transport are still overly complex and restrictive.

- La Poste is still a public-sector monopoly. As such, even though the level of openness to competition of the universal postal service has been transposed into Belgian legislation, the availability of our postal services and their "price-quality" ratio remain insufficient.
- The liberalisation of the electricity and gas market is taking a considerable amount of time, is confusing and is essentially only a reality in theory. For example, the prices for the transport of electricity have still not been approved. Lack of clear institutional framework is contributing to keeping prices high. In fact, it may even be the case that the prices paid by users are higher now than before as a result of the numerous environmental and social taxes required by the federal and regional authorities. These additional costs could reach a level of EUR 10 to 15 per MWh in the longer term as compared to an "industrial client" price of EUR 24 to 32 per MWh.

- The increasing number of imposed public services may well prevent the development of new operators across the board and significantly restrict the advantages of the current liberalisation process, in particular in terms of price reductions.

The FEB's priorities are:

- To effectively and universally implement the new European framework regulations in terms of electronic communications (telecoms and audiovisual) by the end of 2003 and to set up a truly independent regulatory body.
- To progressively increase government investment in transport infrastructures up to a level of 1.5% of GDP, which is the current European average. Furthermore, the FEB is keen to make transport infrastructures available 24 hours a day, 7 days a week the whole year round and to ensure better interconnection between the different methods of transport, i.e. rail, road, waterway and air. This would improve the management of the current infrastructure.

To improve the quality and efficiency of the public transport on offer and to introduce simpler pricing solutions.

To shift the focus further towards mobility by making better use of incentives and introducing social legislation to promote new working arrangements, such as teleworking and e-learning.

- To open up the Belgian rail network, specific legal bodies should be interested with the management of the network and decisions regarding awarding capacity on the one hand and with the services offered on the other hand. Furthermore, Belgium needs an independent rail regulator as soon as possible.

To simplify the access and operation procedures for transport services in Belgium, in particular regarding road and waterway transport.

- To adapt the internal structures of La Poste, enabling it to effectively deal with the imminent elimination of the previous monopoly.
- To successfully liberalise the electricity and gas markets with the aim of bringing down prices. For this, the federal, regional and local authorities will have to commit together to ensuring that the total taxes of electricity and gas in Belgium do not exceed the average charges levied by our five major competitors for all client categories. An independent body will be needed to supervise this on the basis of international figures.

The problems that arise in terms of connecting different national markets, in particular those of Belgium and France, will require particular attention in order to prevent any distortion of competition in terms of privileged access and price structures and in order to enhance the reliability of the supply.

- To consider what happens elsewhere in Europe in terms of imposed public services. In this respect, it will be necessary to critically analyse all of the existing contributions.

Encouraging the creation and growth of businesses and simplifying access to funding

The Lisbon Strategy provides in particular for:

- ▶ A more competitive environment for business activities
- ▶ Transparent, efficient and competitive financial markets
- ▶ The continued integration of the financial and stock markets within the EU
- ▶ Simplifying access to the bonds market for private issuers
- ▶ Promoting access to venture capital

The FEB has found that:

- Belgium is a particularly poor performer in terms of business initiatives. It is last in a list of 37 countries with respect to the number of new business initiatives undertaken. Belgium also has fewer growing businesses and a much lower figure of global-scale companies than in other countries with the same profile.

SMEs and in particular MEs are all too often excluded from specific political measures because they do not meet with the given criteria. This means that they lose out on growth opportunities.

- As far as access to funding is concerned, small caps in Belgium face great difficulties in finding sufficient venture capital on the stock market. In spite of the inclusion of the Belgian stock market in Euronext, the volume of Belgian share transactions is low.

As the bonds market for private issuers is still relatively under-developed, bank loans and self-funding remain the main sources of capital in Belgium.

Furthermore, the growing risk aversion on the financial markets since the start of 2001 and the application of the new Basle II directive have caused banks to exercise even greater caution when granting loans. Companies, and above all SMEs, are therefore faced with growing funding difficulties.

The FEB's priorities are:

- For new businesses:
 - To introduce rapid start-up procedures based on a single electronic declaration and the effective approval of business counters.
 - To offer new entrepreneurs a favourable social welfare regime which exempts them from social security contributions during the first three years.
 - To ensure better access to bank loans by reinforcing and simplifying the guarantee systems.

- For growing businesses:
 - To extend the exempted investment reserve introduced since the corporate tax reform.
 - To increase the funds available to growing SMEs through the participation Fund.
 - To further promote investments in venture capital. This will require the urgent introduction of the PRICAF system, which encourages private investors to invest in non listed Belgian companies.
 - To eliminate the tax on capital increase.

- For small caps:
 - To enhance the visibility of such businesses by enabling them to create a website containing all of the documents they need in order to operate. For this, the relevant Belgian legislation will require to be adapted.
 - Introducing into Belgian legislation the possibility to issue multiple vote shares so as to make the financing of businesses easier. This system is already in place in many other countries.

Reducing fiscal pressure and public deficit

The Lisbon Strategy provides in particular for:

- ▶ Reducing the tax burden on labour
- ▶ The obligation to guarantee the health of public finances in the long term by taking into account the consequences of population ageing
- ▶ An increase in the contribution made by public finances to economic growth and job creation by focussing public spending on reinforcing the relative importance of investments in equipment and in human capital

The FEB has found that:

- Significant efforts have been made over recent years to reduce the personal income and the corporate tax rate. The Belgian tax system nonetheless leaves a lot to be desired in terms of quality. This trend, which is getting worse, can be seen in the poor technical quality of the legal texts of the last reform.

Despite some tax-reduction measures, coming with the removal of the crisis tax and the indexation of the tax scales, the average fiscal and parafiscal burden on gross salaries rose still between 1999 and 2001 as a result of rising incomes in combination with the strong progressiveness of the tax system.

- In terms of personal income tax, the recent reform will bring about a considerable decrease in the tax burden between 2002 and 2007. This reform is particularly necessary in Belgium in view of the massive gap between the total wage costs and net wage actually received.
- As regards corporate tax, several aspects of the Belgian system do not tally with the general trend across Europe and as a whole it does not take into consideration the new stakes imposed by the European Union.

The recent corporate tax reform should bring the nominal tax rate down from 40.17 % to 33.99 %. Nonetheless, in budgetary terms the reform will have little effect as other tax measures introduced at the same time will have an adverse effect. For example, it will become impossible to deduct various regional taxes, dividends on shares that cannot be considered to be fixed financial assets will be systematically subject to double taxation, the depreciation system will be tightened up, etc. The tax burden will therefore not decrease, rather will simply be distributed differently. Indeed, some businesses will pay more tax.

Furthermore, the Belgian corporate tax regime does not consider specific needs, such as R&D, SME status, fiscal consolidation, to a sufficient extent.

- Between 2000 and 2002, Belgium's public finances were roughly in equilibrium. This is a positive development, but really no more than normal in view of the massive public debt. Furthermore, the structural budget balance has only marginally improved in recent years. The margin obtained following the decline in interest rates was essentially used to increase recurrent public spending. Moreover, the government regularly resorted to one-off measures, including the sale and lease back of public buildings,

which served to "embellish" the current budgetary result, but will weigh on future budgets.

The considerable increase in public spending witnessed during the current government term has been the result above all of greater transfer payments. The share of public investment in GDP dropped again slightly from 1.8% of GDP in 1999 to 1.6 % in 2002.

- The "Fonds de vieillissement" or "Silver Fund", which was created in order to meet with the financial problems that will arise as the population ages, still has no fixed annual contribution. The government decides on the amount to be added to this fund on a year-to-year basis and dips into budgetary windfalls for this. This method does not inspire much trust.

The FEB's priorities are:

- In terms of corporate tax:
 - To bring the tax rate down to 30% and to remove the 3% corporate crisis contribution (as has already been done for personal income tax).
 - To bring about fiscal consolidation (VAT and corporate tax) and introduce an efficient system for recovering losses incurred abroad so as to attract European businesses to Belgium.
 - To guarantee greater neutrality of accounting rules, in particular with respect to the IAS norms, vis-à-vis tax rules via a far-reaching reform of fiscal legislation which would ensure greater coherence, transparency, simplification of procedures and an easier deductibility of expenses and prevent double taxation.
- In terms of personal income tax:
 - To pursue the reduction of the difference between total wage costs and net salary in order to eliminate unemployment traps.
 - To adopt measures that will promote the mobility of the European workforce and in particular encourage people to come to Belgium to work. This will need a reform of the complementary pension scheme, especially the removal of the EUR 1,800/year ceiling for individual pension undertakings.
- In terms of VAT:
 - To support and transpose into Belgian legislation the important developments currently being made at the level of the European Union, e.g. the European proposal for reduced VAT rates within a number of highly labour-dependent sectors.
- In terms of our public finances:
 - To create a structural budget surplus with the aim of reducing public debt more quickly.
 - To better manage recurrent public spending so as to be able to achieve a gradual reduction in debt and a decrease in social security contributions by enterprises.
 - To increase government investment, e.g. in R&D, innovation, IT, transport infrastructures, so as to improve our economic growth potential.
- To establish clear rules governing the contributions made to the "Silver Fund".

Stimulating innovation and R&D

The Lisbon Strategy provides in particular for:

- ▶ Better coordination of research activities and programmes on a national and European level
- ▶ An improved climate for private investment in research, in particular by introducing an attractive fiscal policy
- ▶ Promoting Research and Development partnerships between schools, training centres, research bodies and businesses
- ▶ Enhancing the mobility of students, teachers and researchers within Europe

The FEB has found that:

- Over the last few years, no fiscal measures have been introduced with the aim of promoting R&D within businesses. Furthermore, the concrete implementation of the few declarations of intent that have been made with respect to encouraging public investment in R&D is taking a long time to produce any real results.

The recent corporate tax reform has restricted the possibilities for depreciation of investments available and this in turn has slowed investment into scientific research.

The tax incentives introduced recently for researchers and PHD students linked to a Belgian university are not available to business.

- Belgian SMEs make little or no use of the opportunities available to them to apply for European assistance in the field of innovation. The current procedures that must be followed in order to receive regional support are highly complex and this discourages companies from applying.

The FEB's priorities are:

- To rapidly introduce an adjustment programme in the field of R&D, gradually increasing the global budget, i.e. both public and private spending, to 3% of GDP in accordance with the overall objective adopted by the European Council in Barcelona.
- To increase the fiscal and parafiscal incentives in favour of R&D and innovation by introducing a general tax credit and by improving and making more coherent the existing measures (investment deduction, exemption for scientific personnel, etc.).
- To simplify and speed up the procedures involved in granting regional and European funding, amongst other things by lessening bureaucracy, and to improve the status of researchers.

Enhancing the efficiency of the labour market

The Lisbon Strategy provides in particular for:

- ▶ Better management of the fiscal and parafiscal burden
- ▶ Rapid growth creating more and better quality jobs
- ▶ An increase in the employment rate and in particular that for women and older people, and a longer working life
- ▶ Improvement of employment incentives and the creation of specific tax and benefit schemes
- ▶ A reduction in the informal economy
- ▶ Better childcare structures
- ▶ Improved workforce mobility

The FEB has found that:

- The employment rate in Belgium is lower than the European average, in particular as regards older people. The employment rate for workers aged between 55 and 64 is 25% in Belgium, compared to 37.5% across Europe.
- Belgian employees already benefit from unilateral rights, such as unlimited unemployment benefit, and are obtaining new rights, such as time credits, but at the same time:
 - They are not subject to corresponding obligations, such as with respect to training and mobility.
 - The availability of the unemployed and the latent workforce on the labour market are insufficiently monitored.
 - The government has suggested an outplacement system which may well have a negative impact on the employment rate amongst older workers and is proposing to vote in a law on moral harassment which will have negative consequences in terms of the running and the costs of businesses.
- No progress seems to be possible in terms of flexibility, even if businesses urgently need more flexibility and staff are willing to work more flexibly. The guidelines to compensate for overtime by time off (instead of extra pay) are entirely outdated.

Furthermore, the rigid rules concerning temporary work, secondment and redundancy costs and procedures prevent businesses from adapting rapidly and flexibly to market opportunities.

- The government is currently not considering any legal measures which would reform the pre-pension scheme so as to increase actual retirement ages, as recommended by the Barcelona European Council.
- The government has failed to fulfil its promise of a long-term reduction in social security costs. The gap between the level of employer social security contributions in Belgium and in the three neighbouring countries (Germany, The Netherlands and France) has only been halved and not closed as the government promised.

- The government has been very slow to propose the measures needed to enhance mobility in and towards Belgium of highly qualified individuals.
- In terms of wage costs:
 - Belgium is still at a major disadvantage with respect to its wage costs, which results in lower job creation figures than the average rates achieved by our competitors.
 - This situation is damaging to the Belgian workforce, who work roughly 8 months in every year to pay their fiscal and social security contributions, which is one month more than the European average.
 - This situation is a particular burden for qualified and management staff who suffer the greatest difference between their wage costs and net salary of all categories. As a result, Belgium is losing the ability to attract foreign investment.
- The salary arrangements in place in Belgium are incompatible with the essential goal of sustaining competitiveness. The automatic indexation scheme led, due to once again higher than expected inflation in 2001-2002, to a more rapid wage increase in Belgium than abroad.

In order to ensure work is better rewarded than inactivity, the FEB's priorities are:

- To introduce a new legislative framework establishing more flexible structures within businesses, such as additional time credits that can be applied without the need for any extra procedures, freedom of choice for employees between time off and overtime pay, the automatic distribution of the time worked over the whole year including for part-time workers, wider brackets within which working times may vary.
- To draw up a career plan focussing on better organisation, i.e. by creating a framework that will enable work time to be distributed across an individual's entire career, and increased responsibility, i.e. introducing compensation for temporary career breaks through extended availability at the end of the individual's career.
- To better organise the balance of quality on the labour market, i.e. to make the link between entitlement to unemployment benefit and training efforts undertaken much stronger, in particular for young people, to strive towards better partnership between the education system and businesses so as to guarantee training that is better adapted to the reality of the labour market, to eliminate quota systems obliging businesses to introduce artificial employment situations which do not correspond to their concrete needs in terms of qualified personnel.
- To introduce more work incentive mechanisms within the unemployment regime, i.e. to adopt measures that will restrict the duration for which unemployment benefit is made available, to monitor the availability of the unemployed on the labour market much more closely, to reform the initial benefits systems so as to encourage young people to look for work when they complete their studies, to remove "unemployment traps" and ensure that no new such traps are created by increasing unemployment benefit.
- To turn the trend towards early retirement around, i.e. to progressively increase pre-pension age, to make greater efforts to encourage older unemployed individuals to work ensuring they remain on the labour market until they reach retirement age and are provided with intensive follow-up and to introduce a pension bonus from the age of 58.

- Particular attention must be given here to reducing the massive contributions paid on higher salaries, essentially by introducing a new salary ceiling used to calculate the social security contributions.
- To continue to simplify the current administrative procedures and to take into account the real situation faced by businesses as well as their true economic capacity when adopting measures to encourage specific target groups to enter the labour market in particular where businesses are obliged to meet quotas in this respect.
- In terms of the salary handicap, the FEB would advocate:
 - A reduction in employers' contributions by EUR 1.4 billion bringing them down to the average level of our three main competitors as to bring wage costs down and promote job creation.
 - Introducing a salary procedure that enables competitiveness to be maintained. Belgium is the only country in which salaries are increased on the basis of two separate measures: on the one hand automatic indexation and on the other hand collective bargaining. The FEB would be keen to see a system in which a global increase is determined in advance every two years by consulting all parties. This would offer protection against price fluctuations and would enable the current salary norm legislation to be abolished.
 - Reintroducing salary ceilings for all social security contributions, as is the case in the majority of European countries.
- To design partnership schemes that will improve childcare possibilities.

Modernising social protection

The Lisbon Strategy provides in particular for:

- ▶ The need to study future developments in social protection over the long term, focussing in particular on the viability of pension schemes.
- ▶ Speeding up the imminent pension reforms using an open coordination method so as to ensure the financial viability thereof and in order to meet with the social welfare objectives.
- ▶ Better access to pension funds.

The FEB has found that:

- Belgium devotes 27% of its GDP and EUR 68 billion each year to social protection.
- Very little progress has been made over recent years towards creating an active welfare state as a result of the refusal to introduce social obligations in return for social rights.

The rate of social dependency in Belgium, i.e. the ratio between the number of those claiming social benefits and the working population, is rapidly rising. The overall fiscal and parafiscal burden on those in work is considerably higher than the European average in spite of recent efforts made. Businesses are unable to sustain the costs placed on them and employees are discouraged by the fiscal and parafiscal taxes they are required to pay.

Solidarity spending in Belgium, i.e. universal social rights, amounts to 53% of all social spending and as such is particularly high. These social rights should be financed from general taxation but they are not; general taxation represents only 23% of the financial means.

- Increasing resources are being put into the healthcare system without researching a structural solution to the long-term funding problem.

This creates a vicious circle: no funds are available to reduce the social contributions paid in Belgium, which further worsens the competitiveness of the Belgian companies and hinders job creation, which in turn affects the source of funding for the social welfare system.

- In terms of pensions, the Belgian strategy:
 - Is reliant on healthy public finances. However, in 2002 Belgium's public finances were not structurally in surplus. The crucial point is whether Belgium will be successful in obtaining major primary surpluses for several decades to come.
 - Provides for further development of complementary pension schemes. However, for the time being, only a bill has been drawn up in this respect. It remains to be seen whether additional complementary schemes will enable sufficient provisions to be made.
 - Aims towards increasing the employment of older workers, but has made little progress so far. Additional reforms would seem to be necessary in order to double the employment rate of the 55-and-over group to 50% by 2010 in line with the European objective.

The FEB's priorities are:

- To cut employers' contributions by EUR 1.4 billion, bringing them down to the average level of our three main competitors.

To bring back a salary ceiling of EUR 40,000 per year used to calculate pension contributions (first step towards reintroducing salary ceilings for all social security contributions).

To review the funding of the social security system. The universal rights granted (solidarity spending) should be funded using general resources and not solely via the contributions paid by the private sector. This is above all the case for the majority of health services, family benefit, some social statuses, career breaks and time credits in the public sector, etc.

- To ensure Belgium adheres resolutely to the overall European objective of a 50% employment rate for over-55s by 2010. Over and above the incentives introduced over the last few years, it will be necessary to
 - progressively increase pre-pension age;
 - adapt the pension system so as to ensure pre-pension is not of greater benefit than continuing to work;
 - continue with constant training;
 - introduce a human resources policy that takes the age of the employees into account, for example including adapted work hours for employees aged over 55;
 - adapt work costs to productivity.
- To make sure that public healthcare spending grows in parallel to the potential long-term rise in GDP. It may be necessary to balance this spending in other sectors of the social security system.

To conduct a far-reaching reform of the healthcare system based on the principle of shared responsibility and increased use of private insurance, similar to the arrangements made within the second pillar of the pension system.

- To encourage the further development of the second and third pillars of the pension system at the same time as improving Belgium's public finances and harmonising the pre-pension and legal pension systems.

Adapting the education and training systems

The Lisbon Strategy provides in particular for:

- ▶ Increased investment in human resources and in particular in building on skills
- ▶ Further participation in training and life-time learning
- ▶ Greater functional and geographical mobility of both students and the working population
- ▶ A faster spread and increased use of information technologies
- ▶ The elimination of bottlenecks in terms of qualifications
- ▶ Improving the basic aptitude of all citizens for using the new technologies and in particular information technology

The FEB has found that:

- Despite an unemployment rate of 11.9% in December 2002, an unsatisfactory number of employment offers were made by the official Belgian job centres. These amounted to 25,325 in Flanders, 8,424 in Wallonia and 2,109 in Brussels.
- In Flanders 214 training courses are classified as covering professions in which there is an insufficient workforce, covering some 40,000 jobs.
- 58.7% of all jobseekers have only lower secondary education.
- The youth unemployment rate reflects a considerable lack of qualifications. In October 2002, only 4,475 of 68,072 unemployed people under the age of 25 had completed a course of higher education.
- The unemployment rate varies greatly between neighbouring regions and sub-regions. This highlights an evident lack of jobseeker mobility, in some cases as a result of the language barrier.
- The number of students completing a course of technical education each year falls significantly short of the needs of the market. Women in particular are under-represented.
- The suggestions drawn up by employers and trade unions at the start of 2002 with the aim of rationalising those training courses entitling participants to "paid training holiday" have still not been included in any legislation.

The FEB's priorities are:

- In terms of education:
 - To strive for greater partnership between professional and technical training organisations and businesses so as to ensure the training on offer corresponds to the real needs of the different sectors and so as to avoid any bottlenecks on the labour market and lacking qualifications.

- To focus available training funding on professions in which there is a lack of qualified applicants and which are valued by businesses. In this respect, the "paid training holiday" system should be reviewed.
- To encourage women to opt for qualified technical professions including in the field of the new technologies so as to promote equal opportunities on the labour market and bolster the overall employment rate.

- In terms of training:
 - To develop a training system based on a combination of e-learning and self learning.
 - To systematically update the knowledge and skills of training staff.
 - To encourage job seekers to obtain first-time and new qualifications.
 - To set up skill assessment and certification systems.
 - To establish qualification profiles.
 - To devote greater attention to older staff in order to extend their careers.

Reducing administrative costs and eliminating excessive bureaucracy

The Lisbon Strategy provides in particular for:

- ▶ A framework of regulations that promotes new business ventures
- ▶ Simpler legislation and regulations
- ▶ Easier contact with the state administrative authorities
- ▶ Better transposition of European directives into national legislation

The FEB has found that:

- Despite efforts made, the administrative costs paid by businesses, and above all SMEs, still amount to 2.6% of GDP.
- Several noteworthy projects have been completed over recent years, including e-government, a single social security declaration, and a single company identification number, but:
 - When applying these measures, the wishes of the public administration are often taken into account more than the needs of the client.
 - In some essential areas, such as with respect to the rules governing competition, few or no initiatives have been undertaken.
 - Various decisions were adopted alongside these projects binding businesses to new administrative costs and introducing discriminatory measures (first employment for young people, moral harassment at work, fines in cases of accidents at work).
- State-run companies, and above all La Poste and the SNCB, still do not operate on a client-oriented basis and in particular as far as business clients are concerned.
- In terms of the quality of the legislation and regulations in place:
 - Businesses are required to deal with a growing quantity of laws and regulations.
 - The quality of the applicable legislation and regulations is increasingly poor. Laws often have to be adapted after only a few years (e.g. the new bankruptcy-law). Some do not comply with the European regulations in force (deduction of social welfare costs called "Maribel"). Often no or incomplete executory decisions have been adopted (paternity leave). Above all the legislation is often ambiguous.
 - The reform of the administrative structures in Belgium (called "Copernic reform") and in particular the reform of the Finance Ministry were introduced without consulting the economic players involved.
 - There is a risk that new fiscal and social arrangements will be limited to new circulars and interpreted in favour of the administrative authorities.
 - Belgium is increasingly accused of contravening European regulations (such as provisions of the law on commercial practices regarding customer loyalty schemes) and is lagging behind significantly in terms of transposing the European directives (2% implementation deficit in October 2002). Furthermore, Belgium makes constant use of "minimal" clauses enabling it to go beyond the rules set out in the directives.

The FEB's priorities are:

- To continue to reduce administrative costs so as to benefit the client and to assess the extent to which administrative costs have been brought down for SMEs using precise criteria. To this end, an "impact assessment note" will need to be drawn up for each government decision.

To reduce bureaucracy by implementing the "single business identification number" as well as the "unique contact point" for businesses.

To ensure that the current e-government projects being implemented involve fewer procedures, faster processing, good response times and come complete with a unique web portal where businesses can make contact with all the authorities.

- Self-regulation has to be supported rather than unilateral state intervention, among others as regards principles of corporate governance and ethics which must also be implemented within public-sector companies.

The government and administrative authorities will be required to respect the proportionality rule.

- To increase the notification thresholds outlined in the Belgian legislation on merger monitoring (bring back the 25% market share threshold).
- To act in accordance with initiatives and decisions taken at European level and to transpose these rapidly into Belgian legislation without going beyond the European guidelines so as to prevent any additional obstacles to competition. To ensure that the authorities speed up the transposition of European acts into Belgian legislation, respecting the implementation deficit ceilings adopted by the European Council.
- To ensure that all "ruling" tax arrangements are based on the existing economic, social and financial situation rather than on a restrictive legal interpretation and that real agreement is reached between the authorities and the tax-payer.

To establish enforceable "social ruling" governing the deduction of social security contributions (under the aegis of the joint management committee of the social security).

Reconciling sustainable environmental protection and competitiveness

The Lisbon Strategy provides in particular for:

- ▶ The introduction of sustainable development strategies after consulting all stakeholders
- ▶ Measures to combat climate change (compliance with the Kyoto Protocol, renewable energy sources)
- ▶ Methods of transport adapted to environmental needs (social cost, infrastructures, modal shift)
- ▶ Better quality of food
- ▶ Increased awareness of our natural resources (biodiversity, ecosystems, industrial waste)

The FEB has found that:

- According to the Kyoto Protocol, Belgium must reduce its emissions of greenhouse gases (CO₂) by 7.5% between 1990 and 2012. However, CO₂ emissions in Belgium actually rose by 6.4% between 1990 and 1999. During that same period, Belgian industry made significant efforts to reduce its CO₂ emissions despite major expansion and was successful in limiting the increase from this sector to 0.1%, compared to + 11.6% for the household sector and + 21.5% for transport.

In Belgium the marginal cost of the introduction of the Kyoto Protocol and the negative effects it has on employment are particularly high.

CO₂ emissions are a global problem and unilateral initiatives taken in Belgium will not help change the situation. Furthermore, such initiatives pose a threat to economic activity and employment.

- Belgium is keen to play a pioneering role in Europe in terms of its products policy. This has hefty consequences for the production and distribution sectors.
- The decision to start to close down its nuclear power stations from 2015 onwards without sufficient guarantees as to the use of alternative energy sources will endanger Belgium's independence in terms of its energy supply.

The FEB's priorities are:

- In terms of sustainable development:
 - To maintain a good balance between the three pillars of sustainable development and to avoid any measures that could harm economic activity and employment.
 - To ensure that any policies adopted in the field of sustainable development are based on the shared, individual responsibilities of the various parties involved.
 - To require all plans and measures to be based on an objective social, economic and environmental impact assessment.
 - To introduce formal, effective consultation and participation arrangements for the parties concerned.

- In terms of climate change:
 - To improve European harmonisation in terms of climate policy (emission trading, taxation, long-term agreements, etc.). All three groups concerned, i.e. households, transport and industry, have to make an effort in this respect and the initiatives already undertaken between 1990 and 2002 have to be taken into account.
 - To adopt the most effective measures, taking into consideration developments in technology (voluntary agreements) and the international dimension of the problem (emission trading, participation in international projects).
 - To encourage the Belgian federal and regional authorities to draw up precise arrangements so as to ensure work is not done twice and the crucial aspect of legal security is upheld.

- To make sure our products policy, which governs product norms, packaging, etc., is based on economic and social analyses as well as environmental studies.

Access to the national Lisbon strategy reports 2003 of the industrial and employers federation of the EU-member states, Norway and the UNICE-report "*Time is running out, action is needed now*" is at: **www.unice.org/lisbon**

The FEB/VBO is a member of UNICE, the leading independent organisation representing European business. UNICE's members are 35 central industrial and employers federations from 27 European countries, speaking for more than 16 million companies, the vast majority of which are small and medium sized.



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