

AUTUMN 2010 ECONOMIC OUTLOOK FOR BELGIUM: ANSWERS FROM FEB-VBO
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	1.8	1.7
Consumer price inflation	2.2	2.0
Unemployment rate	8.7	9.0
Employment growth	0.2	0.1
government net lending (% of GDP)	-4.8	-4.6
gross public debt (% of GDP)	100.2	103.1
current account balance (% of GDP)	1.8	1.7

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	1.6	1.4
Public consumption	1.4	1.2
Investment (Gross Fixed Capital Formation)	-1.2	2.9
Private non-residential investment	-0.5	2.3
Exports	7.8	3.9
Imports	7.3	3.9

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>
Trend in business climate over the next 6 months	Industry		
	Services		

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>
Trend in profitability over the next 6 months			Industry
			Services

	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>
Investment intentions over the next 6 months	Industry				
	Services				

	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
Influence on companies' investment decisions	positive	positive	neutral	neutral	neutral	negative

	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>
Companies' most important investment needs	neutral	negative	positive	neutral

Industry: past 6 months Industry: next 6 months Services: past 6 months Services: next 6 months

Overall trend in employment	Down	Same	Up	Up
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ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>				Cost Access
<i>for larger companies (>250 employees)</i>				Cost Access

<i>Over the next 6 months, cost /access to finance will be...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	

	<i>Measures to improve bank lending capacity</i>	<i>Facilitating access to capital markets (corporate bonds and stock markets)</i>	<i>Improving conditions for equity financing</i>
<i>Measures to alleviate current financial difficulties for SMEs</i>	Important effect	Moderate effect	Important effect


POLICY MIX

<i>Monetary policy is...</i>	<i>tight, appropriate for the euro area</i>	<i>tight</i>	<i>appropriate</i> yes	<i>loose</i>	<i>loose, appropriate for the euro area</i>
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public finances, government shows ...</i>	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i> yes	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>			yes		
<i>Greater efficiency of public administrations</i>				yes	
<i>Credible cost-cutting measures</i>				yes	
<i>Increased scope of public-private partnerships</i>			yes		
<i>Reform of pension systems</i>				yes	
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>				yes	
<i>Growth enhancing tax reforms</i>				yes	
<i>In 2015, the government deficit will...</i>	<i>respect the 3% limit</i> yes	<i>be in balance</i> yes			