



## SPRING 2011 REFORM BAROMETER - BELGIUM

|            | Level   |       |        | Rank  |      |        | Gap      |                  | Areas of Action |              |
|------------|---|-------|--------|-------|------|--------|----------|------------------|-----------------|--------------|
|            | 2009  | 2010  | Change | 2009  | 2010 | change | EU top 5 | Gap <sup>1</sup> | 2010            |              |
| Pillar I   | 1 GDP per capita (Purchasing Power Parity- PPP)                   | 27243 | 28180  | 3,4%  | 13   | 12     | 1        | NL IE SE AT DE   | -7%             |              |
|            | 2 GDP per capita (€ at 2000 prices)                               | 26236 | 26201  | -0,1% | 14   | 13     | 1        | DK SE IE FI AT   | -14%            |              |
|            | 3 Labour productivity per hour worked (PPP)                       | 42,7  | 43,7   | 2,2%  | 3    | 5      | -2       | NL BE FR DE IE   | 5%              | Five best    |
|            | 4 Labour productivity per person employed (PPP)                   | 66244 | 68731  | 3,8%  | 5    | 5      | 0        | IE BE FR SE NL   | 3%              | Five best    |
|            | 5 Private investment (excluding non residential, %GDP)            | 15,2  | 14,7   | -0,5  | 3    | 4      | -1       | BG BE AT DE IT   | 1,2             |              |
|            | 6 Industrial activity (% total value added)                       | 19,7  | 19,0   | -0,7  | 19   | 19     | 0        | IE SK CZ FI SI   | -13,6           |              |
|            | 7 R&D expenditure (% GDP) *                                       | 1,9   | 2,0    | 0,0   | 11   | 11     | 0        | FI SE DK DE AT   | -1,2            |              |
|            | 8 Operating surplus (% total value added)                         | 36,5  | 38,3   | 1,8   | 24   | 22     | 2        | BG GR MT SK IE   | -17,2           | Lowest third |
| Pillar II  | 9 Current Account (% GDP)   | 2,0   | 1,7    | -0,4  | 13   | 13     | 0        | LU SE NL DE DK   | -4,2            |              |
|            | 10 Export market share (gain from 2000)                           | -7,5  | -7,8   | -0,2  | 24   | 24     | 0        | RO LT CZ HU BG   | -71,2           | Lowest third |
|            | 11 Net export contribution to GDP                                 | -0,8  | 1,1    | 2,0   | 25   | 13     | 12       | BG IE GR HU CY   | -2,8            |              |
|            | 12 Share in global trade  | 2,9   | 2,7    | -0,2  | 8    | 8      | 0        | DE FR NL UK IT   | -1,6            |              |
|            | 13 Relative unit labour cost (gain from 2000)                     | 1,2   | 1,6    | 0,3   | 10   | 10     | 0        | DE PL AT SE FR   | 9,4             |              |
|            | 14 High-tech exports (% total exports) **                         | 6,6   | 6,8    | 0,2   | 20   | 19     | 1        | MT LU IE HU CY   | -22,0           |              |
| Pillar III | 15 Employment rate (% working age population)                     | 61,6  | 61,7   | 0,1   | 18   | 19     | -1       | NL DK SE AT DE   | -7,0            | Lowest third |
|            | 16 Employment rate 15-24 (% population 15-24)                     | 25,3  | 24,0   | -1,3  | 25   | 24     | 1        | NL DK AT UK DE   | -29,6           | Lowest third |
|            | 17 Employment rate 55-64 (% population 55-64)                     | 35,3  | 37,0   | 1,7   | 29   | 27     | 2        | SE DE UK CY DK   | -22,7           | Lowest third |
|            | 18 Annual hours worked (per capita)                               | 1550  | 1573   | 1,5%  | 26   | 25     | 1        | PL GR HU LV CZ   | -20%            | Lowest third |
|            | 19 Labour participation (% working age population)                | 67,5  | 67,9   | 0,4   | 27   | 26     | 1        | DK SE NL PT DE   | -12,1           | Lowest third |
|            | 20 Working age population (as % total population)                 | 65,9  | 65,8   | -0,1  | 27   | 26     | 1        | SK PL CY CZ RO   | 0,9             | Lowest third |
|            | 21 Unemployment rate (% labour force)                             | 7,9   | 8,6    | 0,7   | 18   | 19     | -1       | AT NL LU MT CY   | 3,0             | Lowest third |
| Pillar IV  | 22 Gross debt - general government (% GDP)                        | 96,2  | 98,6   | 2,4   | 28   | 28     | 0        | EE LU BG RO LT   | 74,5            | Lowest third |
|            | 23 Net debt - general government (% GDP)*                         | 73,9  | 80,7   | 6,7   | 28   | 27     | 1        | FI EE SE BG CZ   | 98,5            | Lowest third |
|            | 24 Government budget balance (% GDP)                              | -6,0  | -4,8   | 1,2   | 18   | 12     | 6        | SE EE LU FI DE   | -2,7            |              |
|            | 25 Primary balance (% GDP)  | -2,4  | -1,3   | 1,0   | 13   | 10     | 3        | HU SE IT EE MT   | -1,0            |              |
|            | 26 Tax burden (% GDP)   | 45,7  | 45,8   | 0,0   | 30   | 31     | -1       | LV SK RO BG LT   | 15,3            | Lowest third |
|            | 27 Highest marginal tax rate, individual rate (%)*                | 50,0  | 50,0   | 0     | 27   | 27     | 0        | BG CZ LT RO SK   | -15             | Lowest third |
|            | 28 Public investment (% total public expenditure)                 | 3,7   | 3,6    | 0,0   | 29   | 31     | -2       | PL CZ RO BG LV   | -10,4           | Lowest third |
|            | 29 Budgetary adjustment related to age (% GDP)                    | N/A   | 3,5    | N/A   | N/A  | 20     | N/A      | PL EE HU BG SE   | 3,4             | Lowest third |
| Pillar V   | 30 Net foreign assets (% GDP) *                                   | -48,7 | -31,6  | 17,2  | 2    | 3      | -1       | NL BE DE DK FI   | -7,3            | Five best    |
|            | 31 Net financial assets, households (% GDP) *                     | 180,3 | 211,6  | 31,3  | 2    | 2      | 0        | BE IT NL FR DE   | 53,3            | Five best    |
|            | 32 Net financial liabilities, non financial corporations (% GDP)* | 53,0  | 94,1   | 41,2  | 3    | 9      | -6       | SK NL DE GR PL   | 31,7            |              |
|            | 33 Regulatory tier 1 capital to risk weighted assets *            | 16,2  | 17,3   | 1,1   | 2    | 4      | -2       | MT LU BE BG EE   | 0,1             | Five best    |
|            | 34 Non performing loans to total gross loans *                    | 1,7   | 2,7    | 1,0   | 8    | 10     | -2       | FI LU SE SI AT   | 1,0             |              |
|            | 35 Loans to private sector (% GDP)                                | 87,4  | 82,5   | -4,9  | 9    | 8      | 1        | RO SK PL CZ HU   | 34,9            |              |
|            | 36 Bank liabilities (%GDP) *                                      | 320,7 | 297,6  | -23,1 | 19   | 19     | 0        | SK RO PL LT BG   | 221             | Lowest third |

|                                       |              |
|---------------------------------------|--------------|
| <span style="color: blue;">■</span>   | Five best    |
| <span style="color: yellow;">■</span> | Lowest third |

1. Percentage points, when not indicated otherwise

\* 2008/ 2009 data  
\*\* 2007/ 2008 data

## PRIORITIES FOR REFORM: ANSWERS FROM FEB-VBO (BELGIUM)

|            | Policy Area | Concrete Recommendations  | Are the proposed recommendations already in the agenda of your Government? |    |
|------------|-------------|---|--|----|
|            |             |   | Yes  | No |
| Priority 1 | 11          | Labour costs may not increase faster than the average of our three neighbouring countries (competitiveness law of 1996)                             |  |    |
| Priority 2 | 14          | Increase effective retirement age + abolish the legal requirement that the revenue for health care needs to increase by annually 4,5% in real terms |  |    |
| Priority 3 | 16          | More than 80% of the coming budgetary consolidation needs to take place on the expenditure side   |  |    |
| Priority 4 | 12          | Stronger activation of unemployed people + an urgent need of people with a more technical profile   |  |    |
| Priority 5 | 3           | Continue to decrease the cost of R&D and innovation   |  |    |

| <u>Policy areas</u>  |
|--|
| 1. Business Environment - Regulatory barriers to entrepreneurship        |
| 2. Business Dynamics - Start-up conditions                               |
| 3. R&D and Innovation  |
| 4. ICT   |
| 5. Competition policy framework  |
| 6. Sector specific regulation (telecom, energy)                          |
| 7. Market integration - Openness to trade and investment                 |
| 8. Active labour market policies   |
| 9. Job protection  |
| 10. Labour supply measures for specific groups (older workers, women...) |
| 11. Wage bargaining and wage-setting policies                            |
| 12. Labour market mismatch and labour mobility                           |
| 13. Making work-pay: interplay of tax and benefit system                 |
| 14. Pension and health care reforms                                      |
| 15. Quality of fiscal institutions and budgetary framework               |
| 16. Consolidation of public expenditures                                 |
| 17. Public sector efficiency   |
| 18. Public investment  |
| 19. Tax reforms  |
| 20. Access to bond markets   |
| 21. Access to equity markets   |
| 22. Venture capital and SME financing instruments                        |
| 23. Bank lending conditions  |
| 24. Long term investment instruments                                     |