BUSINESSEUROPE

VBO FEB
Federation of Enterprises in Belgium

Belgium

1. National Recovery and Resilience Plans

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Neutral
Question 2	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 3	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

2. Assessment of Country Specific recommendations 2022 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **1**	In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally-financed current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms. Prioritise reforms to improve the fiscal sustainability of long-term care, including by promoting a cost-efficient use of the different care settings. Reform the taxation and benefit systems to reduce disincentives to work by shifting the tax burden away from labour and by simplifying the tax and benefit system. Reduce tax expenditures and make the tax system more investment-neutral.	Extremely important	Unsatisfactory	While the Belgian government was able to enjoy a reduction in the debt/GDP ratio in 2022 due to stronger than expected economic growth, the situation is set to deteriorate in the coming years, to the point where Belgium will have one of the worst current account deficits in Europe and further increases in the debt ratio. Fiscal policy has not been reformed to improve the sustainability of our budget. Regarding support policies concerning the energy crisis: in both 2022 and 2023, measures to reduce the energy bill burden on households were, aside from raising the social tariff, not targeted and costly. Meanwhile, support for the private sector was of a much smaller scale and only of a temporary nature. Finally, no reforms were made to reduce disincentives to work.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **2**	Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Submit the 2021-2027 cohesion policy programming documents with a view to finalising their negotiations with the Commission and subsequently starting their implementation.	Helpful (but not a priority)	Satisfactory	
CSR **3**	Address labour shortages and skills mismatches, notably by improving the performance and inclusiveness of the education and training system, enhancing the quality and labour market relevance of the vocational education and training and developing more flexible and attractive career paths and training for teachers.	Extremely important	Unsatisfactory	While having made progress, the activity rate has increased to a record high of 72%, Belgium still finds itself lagging its European peers. Furthermore, despite a record high vacancy rate of 4,9%, there is a growing group of inactive people who are not looking for employment. The "job deal" the government implemented was too meagre and provided little progress in activation policies.
CSR **4**	Reduce overall reliance on fossil fuels by stepping up energy efficiency improvements and the reduction of fossil fuel use in buildings, promoting the use and supply of public transport and accelerating the deployment of renewable energies and related grid infrastructure by further streamlining the permitting procedures including by reducing the length of appeal procedures and adopting framework conditions to boost investments in solar energy installations	Important	Unsatisfactory	By the end of 2022, the Belgian government reached an agreement with Engie, who operates our nuclear stock, to prolong the lifespan of 2 nuclear reactors, which were set to close.

3. Reform Progress in your Member State in 2022

How would you assess reform progress in 2022, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	No progress
Labour market	Unsatisfactory
Innovation and skills	Mixed
Access to finance and Financial stability	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2023 Reform Barometer?

Nothing in particular, except for an acceleration in the investments in renewable energy (wind parks). With the current government we mainly focus on keeping what's good (good fiscal climate for R&D and Innovation, keep some nuclear capacity open, keep competitiveness law intact, etc.)

4. Reform priorities for 2023

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Wage bargaining and wage-setting policies Competition Policy Framework	Supply chain disruptions and input price increases following the reopening of the economy post-COVID were followed by a significant increase in energy prices due to geopolitical elements, which led to inflation rates not seen in decades. Given our automatic wage indexation system, we have experienced large automatic labour cost increases that will affect the competitiveness of companies and limit the room for maneuver of social partners in their negotiations. The situation shows the lack of flexibility of the current system and the problems it creates. Our recommendation is to quickly reform the automatic indexation mechanism to restore the competitivity of companies.	no
Priority 2	Sector specific regulation (telecom, energy)	The sharp increase in energy prices has shown the weakness of the energy strategy. While the lifespan of two nuclear power plants has been lengthened, more investments into a diversified and shock-resistant energy mix are necessary.	yes
Priority 3	Active labour market policies Labour market mismatch and labour mobility	While progress in terms of the activity rate has been made, we still trail most of Europe by quite a margin. Given the large differences in labour market performance between our regions, labour mobility is clearly an issue as well. We recommend further reforms in order to improve our activitation policies and leverage the large labour reserve in our country. This would also improve the long-term prospects of our budget (see next priority).	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	Pension and health care reforms Consolidation of public expenditures Public sector efficiency Public investment	The various support measures (mainly for households) during COVID and now during the energy crisis, have put huge pressure on public finances. The deficit is projected to stabilize at -4,9%, assuming no policy changes, while debt levels will increase. Structural trends, such as ageing and the ecological transition, will only continue to exert pressure on the budget. More efficiency in the public sector is necessary, as are reforms to deal with these structural issues.	no
Priority 5	---	---	---