

## Belgium

### 1. EU Competitiveness

<b>Question 1</b>	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly Better
<b>Question 2</b>	In light of the legislative changes introduced and implemented by the European Commission, how would you evaluate the evolution of administrative burden compared to a year ago?	Increased slightly
<b>Question 3</b>	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
<b>Question 4</b>	What does your federation see as the three main challenges threatening the attractiveness of the EU as an investment environment vis-a-vis international competitors?	<ol style="list-style-type: none"> <li>1. Regulatory Environment</li> <li>2. Energy prices</li> <li>3. Tax regime</li> </ol>

## **2. National Recovery and Resilience Plans**

<b>Question 8</b>	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Neutral
<b>Question 9</b>	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
<b>Question 10</b>	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?	Not confident

**3. Assessment of Country Specific recommendations 2023 in detail**

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that such support measures are targeted at protecting vulnerable households and firms, are fiscally affordable and preserve incentives for energy savings. Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2 %. Preserve nationally financed public investment and ensure the effective absorption of grants under the Facility and of other Union funds, in particular to foster the green and digital transitions. For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, in order to achieve a prudent medium-term fiscal position. Strengthen efforts to improve the efficiency of long-term care. Pursue the reform of the taxation and benefits system to reduce disincentives to work by shifting the tax burden away from labour and by simplifying the tax and benefits system. Review tax expenditures in order to reduce their economic, social and environmental harmful impact.</p>	Important	Unsatisfactory	<p>The EC issued an opinion on the draft budgetary plan submitted by Belgium in October on November 21, 2023. She concludes that this plan deviates from the recommendations of the EU Council of 14 July 2023. For example, net national primary government expenditure would increase by 3.8% in 2024, while the Council had recommended that it increase by no more than 2%.</p> <p>We have many criticism regarding the pension reform. The measures are insufficient. We need to increase the employment rate but the pension system must give the same message and measures must be taken in order to make sure that the workers remain longer in the labour market and effectively work. The pension reforms in 2011-2019 significantly lowered pension expenditure projections (raising the statutory retirement age, stricter conditions for early retirement, abolition of the pension bonus...). On the contrary the measures adopted by this Government during the summer of 2023 are projected to have a net cost (between +0,5 and 0,7 pct of GDP).</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Ensure effective governance in order to allow for a swift and steady implementation of its recovery and resilience plan. Swiftly finalise the REPowerEU chapter with a view to rapidly starting the implementation thereof. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.	Helpful (but not a priority)	Satisfactory	The REPowerEU Chapter was finalised at the end of 2023 and integrated in the Belgium recovery and resilience plan.
CSR 3	Address labour shortages and skills mismatches, in particular by strengthening activation policies (including guidance) in order to integrate disadvantaged groups into the labour market. Improve the performance and equity of the education and training systems, and continue reforms to strengthen the teaching profession.	Important	Unsatisfactory	Concerning the labour market, our general assessment is that the so-called Jobs Deal will unfortunately not help to solve the labour shortages or increase the employment rate, which remains too low in Belgium (73.1% in 2022, compared with the government's overall target of 80% by 2030). These measures do not activate inactive people who have the potential to work (e.g. low skilled, migrant women, stay-at-home parents, the long-term sick, etc.). There are still too many disincentives to work in our country (unemployment and inactivity traps are high). There is a need to make work pay in relation to non-employment situations. This should be part of an overall tax reform. In addition, social security benefits should be more activating, instead of being a burden to (returning to) work.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Reduce overall reliance on fossil fuels by stepping up energy efficiency improvements and the reduction of fossil fuel use in buildings, by further stimulating the decarbonisation of industry and by promoting the use and supply of public transport and soft mobility. Accelerate the deployment of renewable energies and related grid infrastructure by further streamlining permitting procedures, including by reducing the length of appeal procedures, and by adopting legal frameworks to further boost investments in renewable energy installations and facilitate energy sharing. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.	---	Mixed	Businesses are doing a lot of efforts to decarbonise. The deployment of renewable energies however is hampered by slow permitting procedures and strong NIMBY-effects in our small and crowded country. This shows most for the two electricity infrastructure projects (Ventilus and Boucle De Hainaut) that should make sure the electricity generated by the windmill parks in the North Sea can move smoothly to the whole of the country. These projects are heavily delayed due to action committees and legal procedures.

#### **4. Reform Progress in your Member State in 2023**

How would you assess reform progress in 2023, for the following broad areas:

<b>Taxation and Public Finances</b>	Unsatisfactory
<b>Business environment (regulation/access to markets)</b>	Unsatisfactory
<b>Labour market</b>	Unsatisfactory
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2024 Reform Barometer?

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## **5. Reform priorities for 2024**

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Wage bargaining and wage-setting policies	Reform the automatic indexation mechanism to avoid competitiveness loss in period of high inflation as we have seen since the energy crisis.	no
<b>Priority 2</b>	Making work-pay: interplay of tax and benefit system	Our country needs a global tax reform. The labour costs are very high partly due to an enormous tax wedge. We need to remove disincentives to work and to make work-pay.	no
<b>Priority 3</b>	Pension and health care reforms	Reform the pension system so that pension spending is on a sustainable long-term trajectory in terms of public finances	no
<b>Priority 4</b>	Quality of fiscal institutions and budgetary framework	Consolidate public finances to avoid the risks of insolvency, adverse consequences for companies and citizens, and guarantee the long-term sustainability of public finances	no
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship	Launch a credible and sustained plan to reduce administrative burdens for businesses. This requires regulatory changes on all government levels (European, Federal, Regional, local).	no

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