


SPRING 2011 ECONOMIC OUTLOOK FOR BELGIUM: ANSWERS FROM FEB-VBO
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	2,1	1,8
Consumer price inflation	2,3	2,1
Unemployment rate	8,4	8,6
Employment growth	0,6	0,7
Government net lending (% of GDP)	-4,1	-4,7
Gross public debt (% of GDP)	97,5	99,8
Current account balance (% of GDP)	1,4	1,3

Components of aggregate demand - in real terms

Annual % change		
Private consumption	1,4	1,4
Public consumption	1,0	1,4
Investment (Gross Fixed Capital Formation)	-1,7	2,1
Private non-residential investment	0,0	0,0
Exports	10,2	4,8
Imports	7,8	4,2

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged					
Trend in business climate over the next 6 months	Industry							
	Services							
	Positive	Negative	Unchanged					
Trend in profitability over the next 6 months			Industry					
			Services					
	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)			
Investment intentions over the next 6 months	Industry							
	Services							
	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation		
Influence on companies' investment decisions	positive	positive	neutral	neutral	positive	neutral		
	Replacement	Extension	Rationalisation	Innovation				
Companies' most important investment needs	positive	negative	positive	neutral				
	Industry: past 6 months		Industry: next 6 months		Services: past 6 months		Services: next 6 months	
Overall trend in employment	Down	Up	Up	Up				



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

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

	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
Measures to alleviate current financial difficulties for SMEs	Important effect	Very limited effect	Very limited effect	Important effect	Very limited effect
Measures to alleviate current financial difficulties for midsize and large companies	Important effect	Moderate effect	Very limited effect	Moderate effect	Very limited effect



POLICY MIX

	<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>Monetary policy is...</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>	<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			