



2020 Spring Package for Belgium Info-session

29 May 2020

Veerle NUYTS and Xavier VANDEN BOSCH
European Semester Officers, European Commission

Housekeeping rules

- **The presentation will take roughly half an hour. We will have plenty of time afterwards to answer your questions.**
- **Questions can be asked via Sli.do or 'live' via WebEx, by clicking on the little hand icon. I will explain the technical aspects again at the start of the Q&A.**
- **Please mute your microphones at all times.**
- **To go on sli.do, type sli.do in your browser or google it.**

www.sli.do

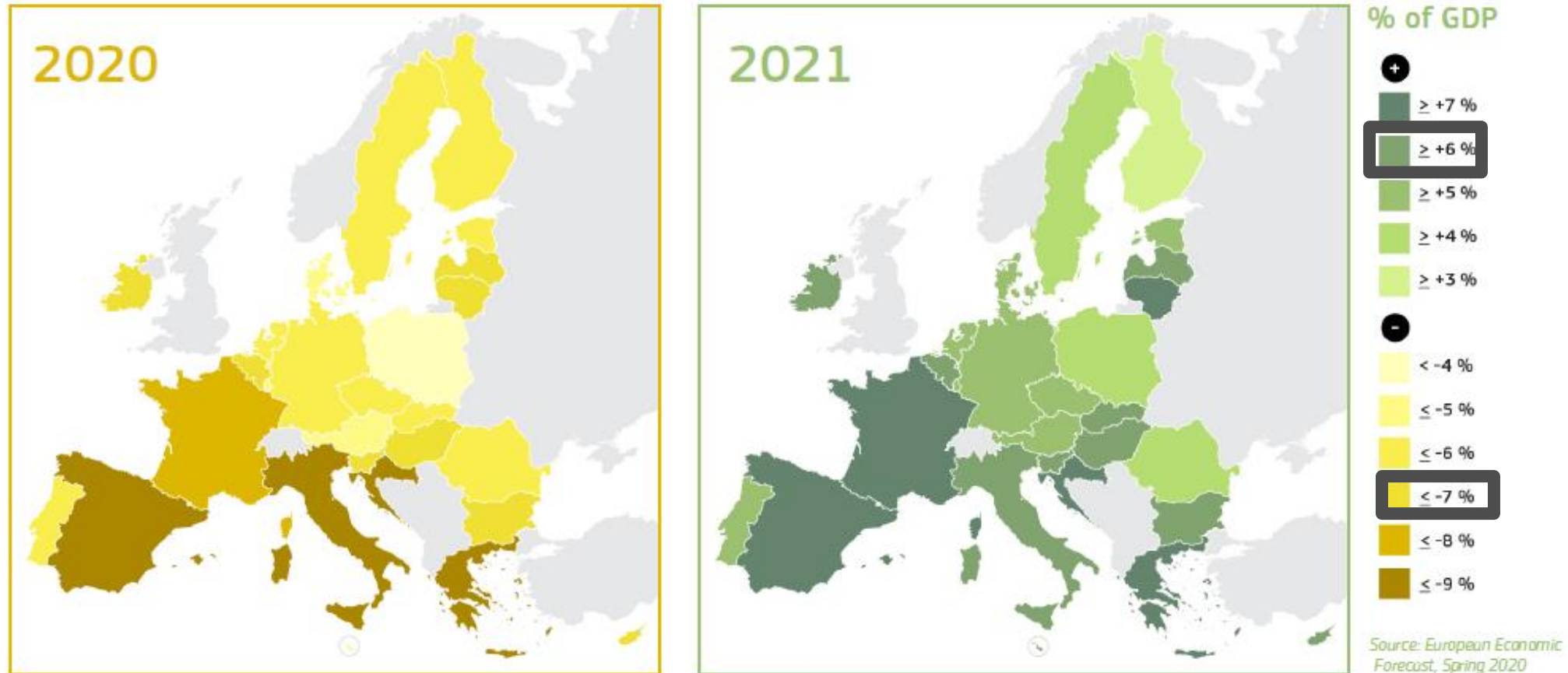
- Type the code #D29
- **“What is the most pressing issue for Belgium?”**
- Type your answer, ideally in one or two words only.



1. **COVID-19: economic outlook and refocus of European Semester**
2. EU COVID-19 response
3. Recommendations for Belgium
4. Key messages and next steps

Across the EU, COVID-19 causes a deep and uneven recession, and an uncertain recovery

Growth map



In 2020, Belgium growth is severely hit too, with public finances significantly deteriorating. A rebound is expected in 2021



EUROPESE ECONOMISCHE PROGNOSE

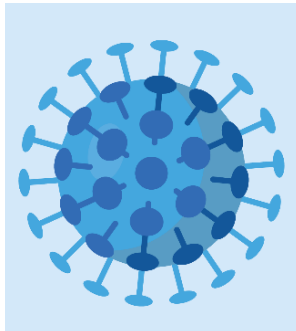
LENTE 2020

Belgie

	2019	2020	2021
Groei van het bbp (% t.o.v. voorgaand jaar)	1,4	-7,2	6,7
Inflatie (% t.o.v. voorgaand jaar)	1,2	0,2	1,3
Werkloosheid (%)	5,4	7,0	6,6
Begrotingssaldo (% bbp)	-1,9	-8,9	-4,2
Bruto overheidsschuld (% bbp)	98,6	113,8	110,0
Saldo lopende rekening (% bbp)	-0,7	-0,1	-0,3

Recast and enhanced role of the European Semester in response to the crisis...

Refocus of European Semester



Need to **coordinate** economic and social policies at EU level **stronger than ever before**

- Recommendations address **new socio-economic priorities linked to COVID-19 crisis**
 - ✓ Immediate fiscal, economic & employment policy response
 - ✓ Preserving employment and ensuring income support to affected workers
 - ✓ Resilience of healthcare sector
 - ✓ Liquidity measures for corporate sector
 - ✓ Protecting flow of essential goods in internal market
 - ✓ Rebuilding economy and putting growth back on track to support fair, green transition & digital transformation
- **Fiscal elements** of a different nature (activation **General Escape Clause**)

...with **competitive sustainability** still at the heart of the EU social market economy



- ✓ Building an **economy** that **works for people and the planet**
- ✓ Help EU & Member States achieve UN **Sustainable Development Goals**
- ✓ On track for **climate neutrality** in 2050



1. COVID-19: economic outlook and refocus of European Semester
2. **EU COVID-19 response**
3. Recommendations for Belgium
4. Key messages and next steps

EU is using all tools available to weather the crisis

Public health



Jobs & Economy



Travel & Transportation



Crisis management & solidarity



Research & Innovation



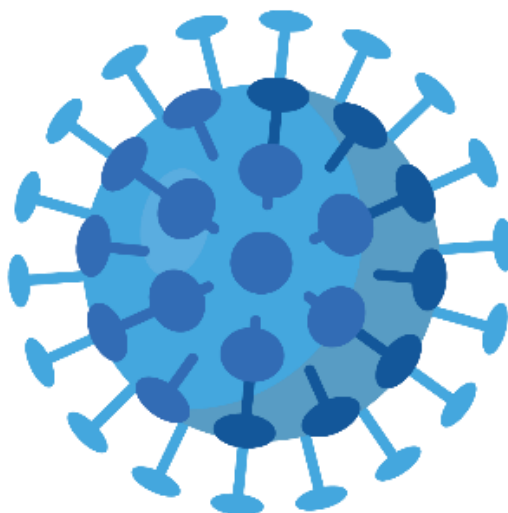
Digital



Fighting disinformation



Emergency support



Coronavirus Global Response

EU economic response – key instruments effective so far

➤ Ensuring the functioning of single market

- ✓ Keeping **goods** and **medical equipment** reaching supermarkets, factories & health sector

➤ Facilitating decisive action by Member States

- ✓ Activation of « **general escape clause** »
- ✓ Temporary framework for **State aid**
- ✓ Full flexibility for use of **EU structural funds**

➤ ECB

- ✓ €750 billion **Pandemic Emergency Purchase Programme**

➤ 3 EU safety nets (€540 billion)

- ✓ Help **workers** keep their job: SURE Programme
- ✓ Provide liquidity to **SMEs** through European Investment Bank
- ✓ Loans to **sovereigns** through European Stability Mechanism

Green light for 9 corona support measures under the Temporary State aid Framework so far

Approval date	Corona support measure
9 April 2020	Belgian scheme of up to €3 billion , financed by the Flemish region , to support companies in the context of the coronavirus outbreak.
11 April 2020	Belgian scheme deferring the payment by Walloon airports of concession fees to mitigate the economic impact of the coronavirus outbreak.
11 April 2020	€50 billion Belgian loan guarantee scheme to support the Belgian economy in the context of the coronavirus outbreak.
24 April 2020	€200,000 direct grant scheme to support agricultural and aquaculture sectors in Brussels-Capital region following coronavirus outbreak.
27 April 2020	€4 million Belgian direct grant scheme for the Brussels-Capital region to support coronavirus related R&D projects in the Brussels-Capital region.
30 April 2020	Guarantee scheme of up to €530 million to support the Walloon economy in coronavirus outbreak.
5 May 2020	Flemish €250 million subordinated loan scheme to support start-ups, scale-ups and SMEs affected by the coronavirus outbreak.
12 May 2020	€25 million Belgian aid scheme to support coronavirus related R&D in Wallonia .
14 May 2020	€500 million bridge guarantee by the Belgian export credit agency Credendo for loans to internationally active companies .

Commission proposal for a reinforced EU budget

INVESTMENT as policy response to:

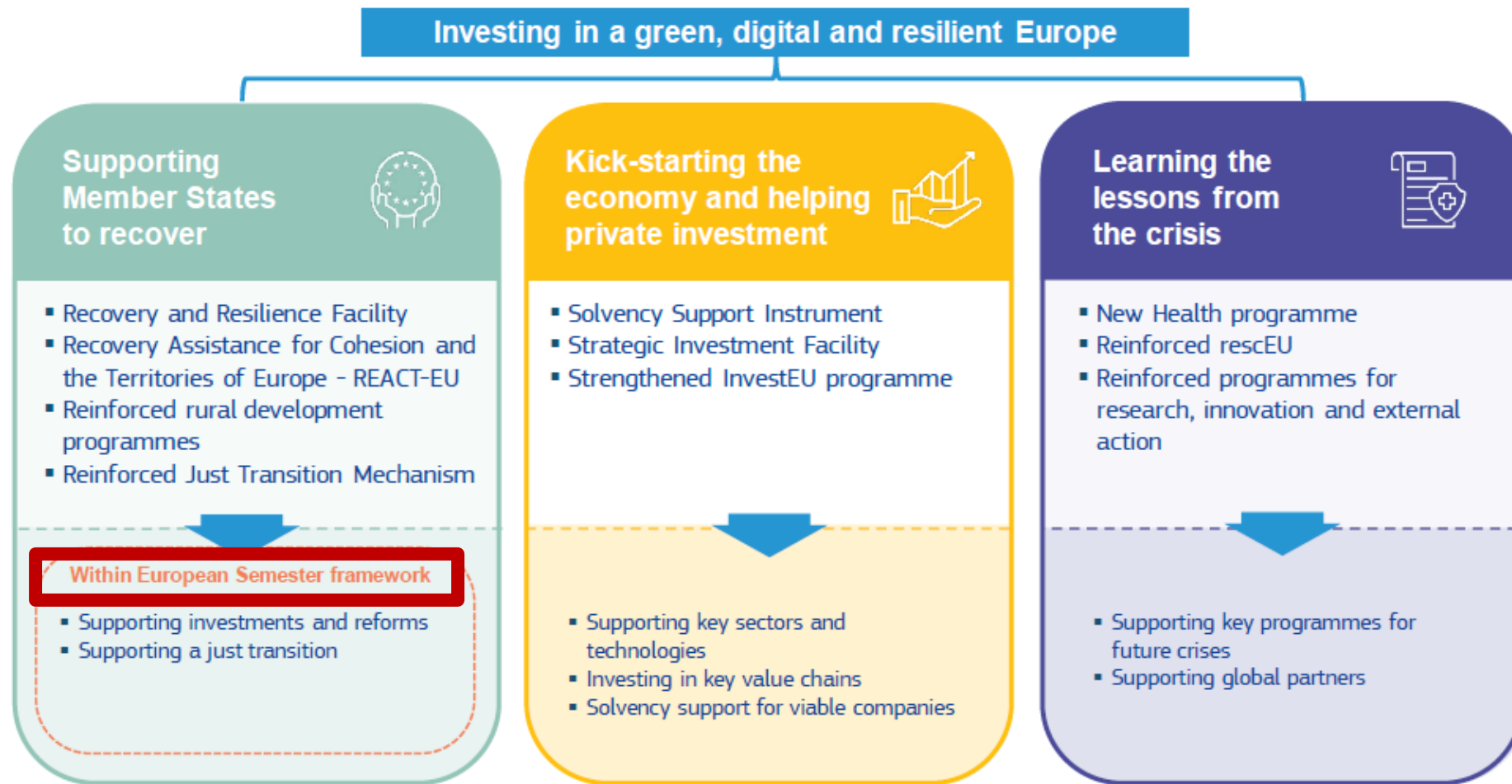
- ✓ **Repair immediate social & economic damage** by pandemic
- ✓ **Kickstart recovery**
- ✓ **Prepare for better future** for next generation, with focus on common priorities:
 - **European Green Deal**
 - **Digital transition**
 - **Resilience**

Next Generation EU	Temporary reinforcement €750 billion
Reinforced 2021-2027 EU Long-term Budget	€1 100 billion
TOTAL	€1 850 billion



Financing of new recovery measures through **increased own resources** of Commission

European Semester plays key role in new €750bn « Next Generation EU » proposal



Zoom on Recovery & Resilience Facility

- New instrument building on the Reform Support Programme proposed in Spring 2018
- Embedded in European Semester



To be used for:

Public sector investments and reforms, including in green and digital transitions



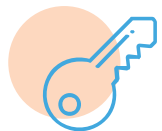
Mechanism:

Grants and loans by implementing Member States' national Recovery and Resilience plans defined in line with objectives of European Semester. No national co-financing
An **investment dimension** for all Member States



Budget:

€560 billion of which €310 billion for grants and €250 billion for loans



Distribution key:

Available to **all Member States**, focus on most affected countries



1. COVID-19: economic outlook and refocus of European Semester
2. EU COVID-19 response
3. **Recommendations for Belgium**
4. Key messages and next steps

Recommendations for Belgium - overview



Taking all necessary measures to effectively address pandemic, sustain economy and support ensuing recovery



Strengthening resilience of health system



Mitigating employment and social impact of crisis



Focusing investment on green and digital transition as well as on research and innovation



Ensuring effective implementation of measures supporting liquidity of firms and further improving business environment



“In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.” (CSR1)

- The **General escape clause** allows for temporary departure from adjustment path towards medium-term budgetary objective, provided this does not endanger fiscal sustainability in medium term

Immediate priority:

- Address pandemic
- Sustain economy
- Support ensuing recovery

When economic conditions allow it:

- Fiscal policies
 - that achieve prudent medium-term fiscal positions
 - ensuring debt sustainability
- Enhancing investment

Article 126(3) report

- The Art. 126.3 report concludes that opening of an excessive deficit procedure is not warranted



“Reinforce the overall resilience of the health system and ensure critical medical products.” (CSR1)



- Belgian health system **performs well** in providing acute care in hospitals
- However, importance to **reinforce resilience** during exit, recovery phase and be ready for possible next outbreak
 - In the immediate future: Ensure sufficient **critical medical products**
 - Structural challenges: **coordinated strategy** across government levels, **shortage of healthcare workers**



“Mitigate the employment and social impact of the crisis, notably by promoting effective active labour market measures & fostering upskilling and reskilling” (CSR2)



More effective active labour market policies

- More **personalised support** based on distance to job-market (profiling)
- Particular attention to vulnerable groups



Fostering upskilling and reskilling

- Foster labour mobility to sectors with shortages
- Digital, language and STEM skills
- Readiness for **green & digital transition**

- Avoid worsening of existing disparities in educational outcomes with effective access to **distance learning** for every pupil



“Ensure effective implementation of the measures to provide liquidity to assist small and medium-sized enterprises and the self-employed and improve the business environment.” (CSR 3)

Effective implementation of corona-measures for SMEs & self-employed

- **Comprehensive emergency support package** is in place to help SMEs overcome coronavirus-related difficulties (14.1% of GDP – source: Stability programme)
- **Effective and timely implementation** of liquidity measures **key** to alleviate negative shock on SMEs

Improve business environment

- **Administrative burden estimated at €7 billion per year**, despite government efforts
- Attention points include:



Complex tax and labour law



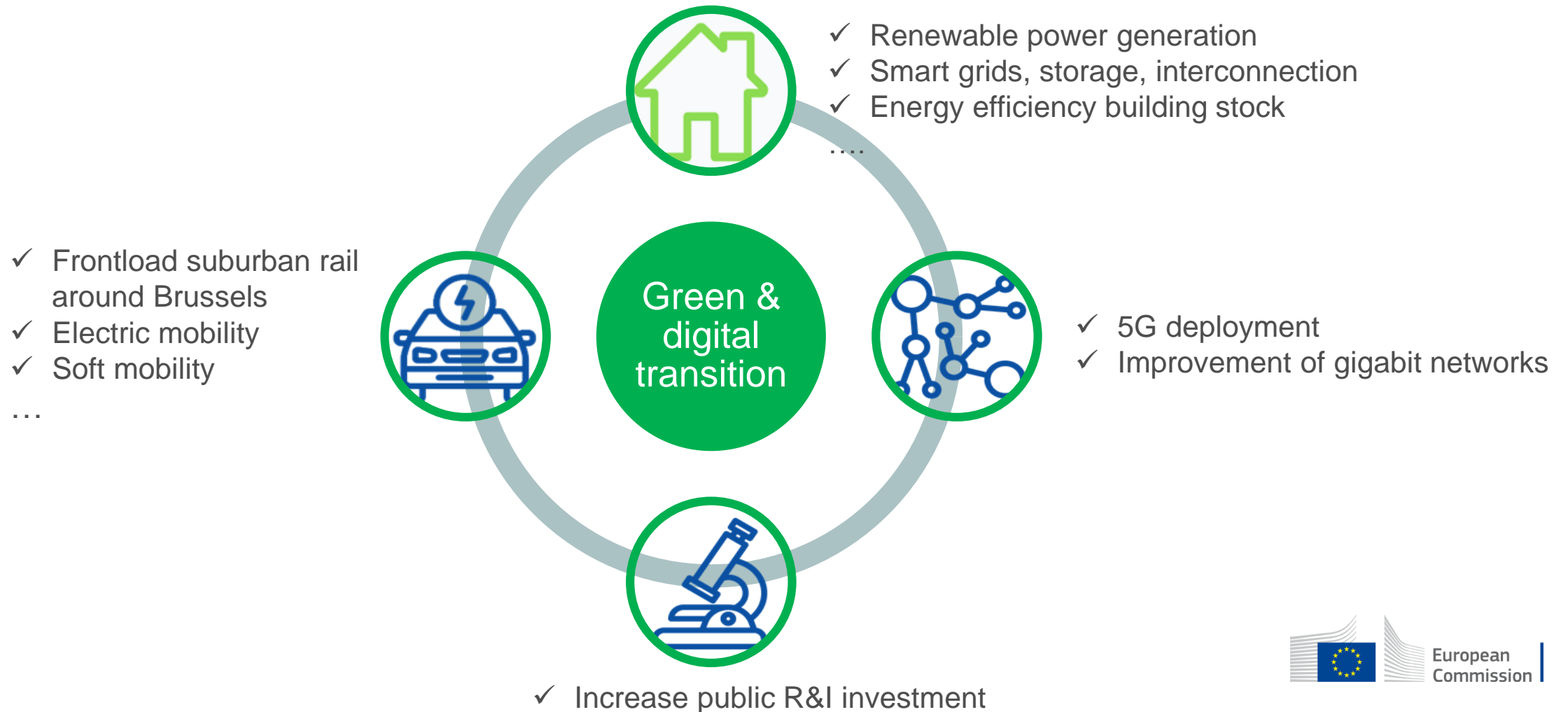
Understaffing of some key enforcers and public bodies



Digitalisation of public services



“Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on infrastructure for sustainable transport, clean and efficient production and use of energy, digital infrastructure, such as 5G and Gigabit Networks, and research and innovation.” (CSR 3)





1. COVID-19: economic outlook and refocus of European Semester
2. EU COVID-19 response
3. Recommendations for Belgium
4. **Key messages and next steps**

Key messages

To **bounce back better**:

- ✓ We need continued **strong and coordinated responses** at EU & national level
- ✓ **European Semester** has been **refocussed** to address new socio-economic priorities – with an **increased role in Next Generation EU**
- ✓ ...with **competitive sustainability** remaining at the heart of Europe's social market economy
- ✓ Implementation of **recommendations** will help to support **Belgium's and EU recovery** (and reach UN Sustainable Development Goals):
 - ✓ Contributing to mitigate socio-economic consequences through effective supportive measures, frontloading green & digital investments
 - ✓ Encouraging further improvement of business environment
 - ✓ Continuing the path towards sustainable & inclusive growth, while putting public finances on the right track
- ✓ Article 126(3) report concludes that **opening** of an **excessive deficit procedure** is **not warranted**
- ✓ Belgium is encouraged to make **full use of EU support** and **work with the Union** to adopt the measures for European recovery



#CORONAVIRUS

European Union



European
Commission

Next steps recommendations

Beginning of June	European Parliament	Dialogue on the Commission proposal for recommendations
As of 21.05.2020	Council Committees	Discussion on the recommendations proposal
18.06.2020	European Council	Endorsement of the final recommendations

Further information

- **European Semester:**

- 2020 Country Report Belgium: https://ec.europa.eu/info/sites/info/files/2020-european_semester_country-report-belgium_en.pdf
- 2020 Country specific recommendations for Belgium: https://ec.europa.eu/info/sites/info/files/2020-european-semester-csr-comm-recommendation-belgium_en.pdf
- Spring 2020 Forecast: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2020-economic-forecast-deep-and-uneven-recession-uncertain-recovery_en

- **EU Corona response:**

- Overview: [europa.eu/info/live-work-travel-eu/health/coronavirus-response_en](https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response_en)
- Recovery Plan for Europe: https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_en

- **European Semester Officers in Belgium:** veerle.nuyts@ec.europa.eu and xavier.vanden-bosch@ec.europa.eu

- Follow the **Representation of the European Commission in Belgium** on social media and **attend our events:** **#EU4BE**



Dank u - Merci - Vielen Dank

Follow us: @eu4be



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

