



# Belgium's public finances through recent crises: an EU perspective

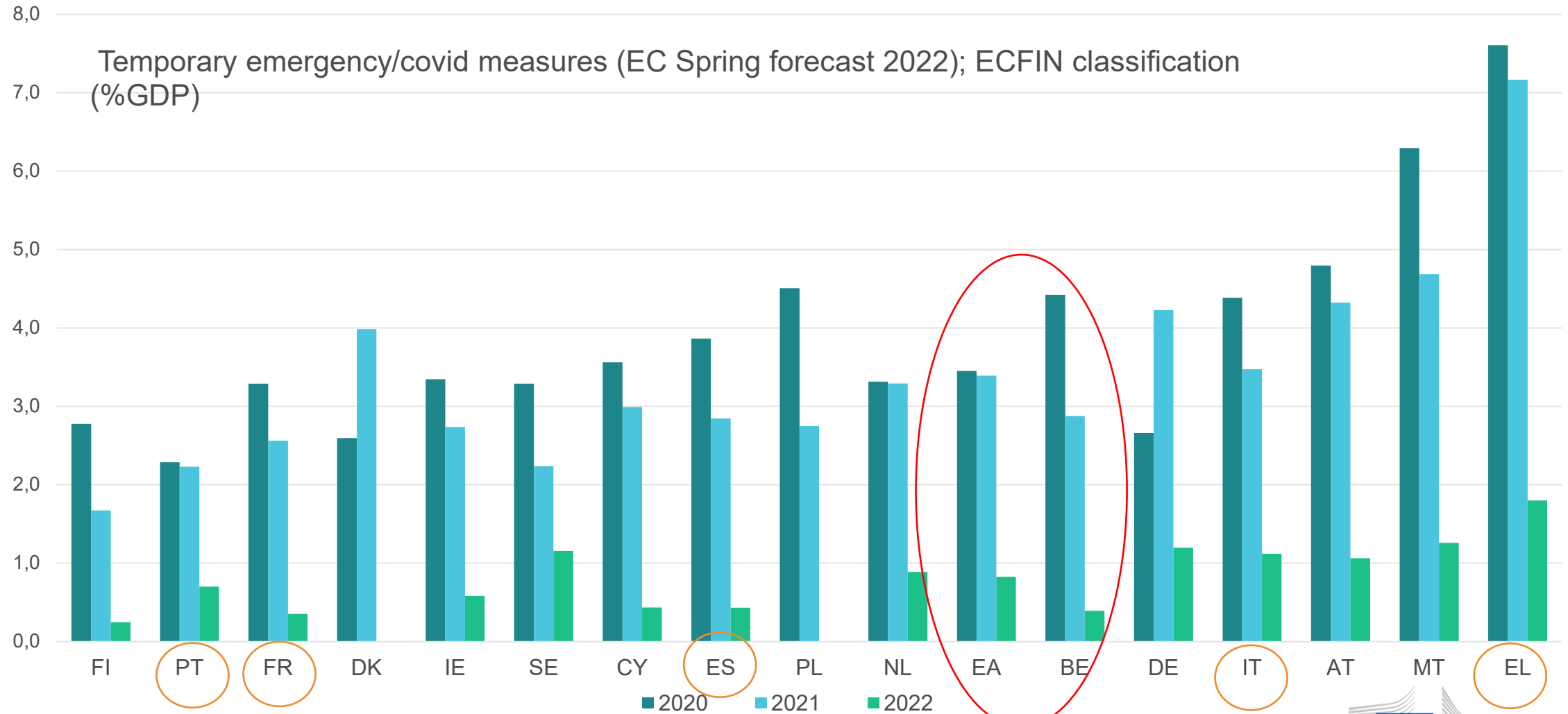
*Gilles Thirion  
Economist at the Directorate General  
for Economic and Financial Affairs  
(ECFIN), European Commission*

# Outline

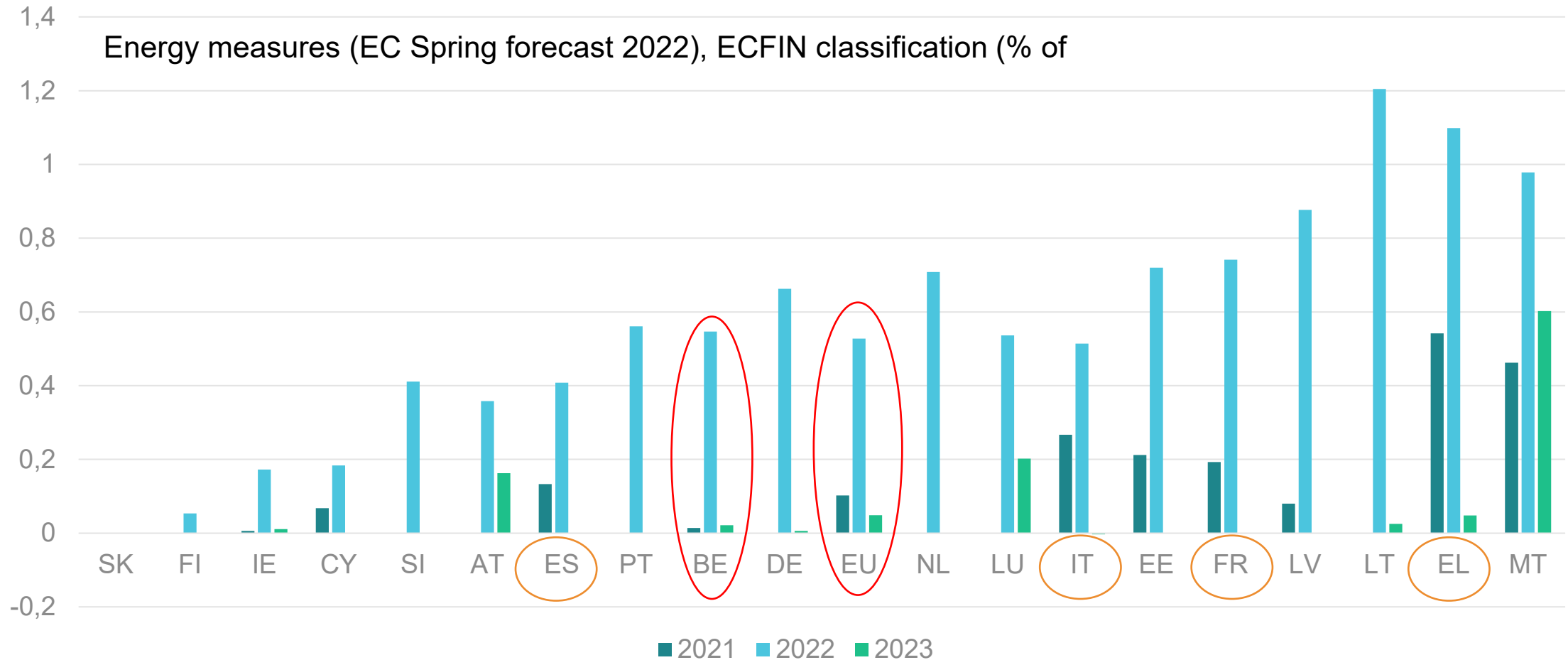
1. Belgium's public finances through on-going crises: EU perspective
  - 1.1 Recent developments and forecasts
  - 1.2 Medium and long run outlook
2. EU fiscal surveillance in the times of the General Escape Clause

# 1.1. Recent budgetary developments in EA Member States: impact of the covid and energy crises

# Fiscal cost of temporary covid measures (2020-2022)

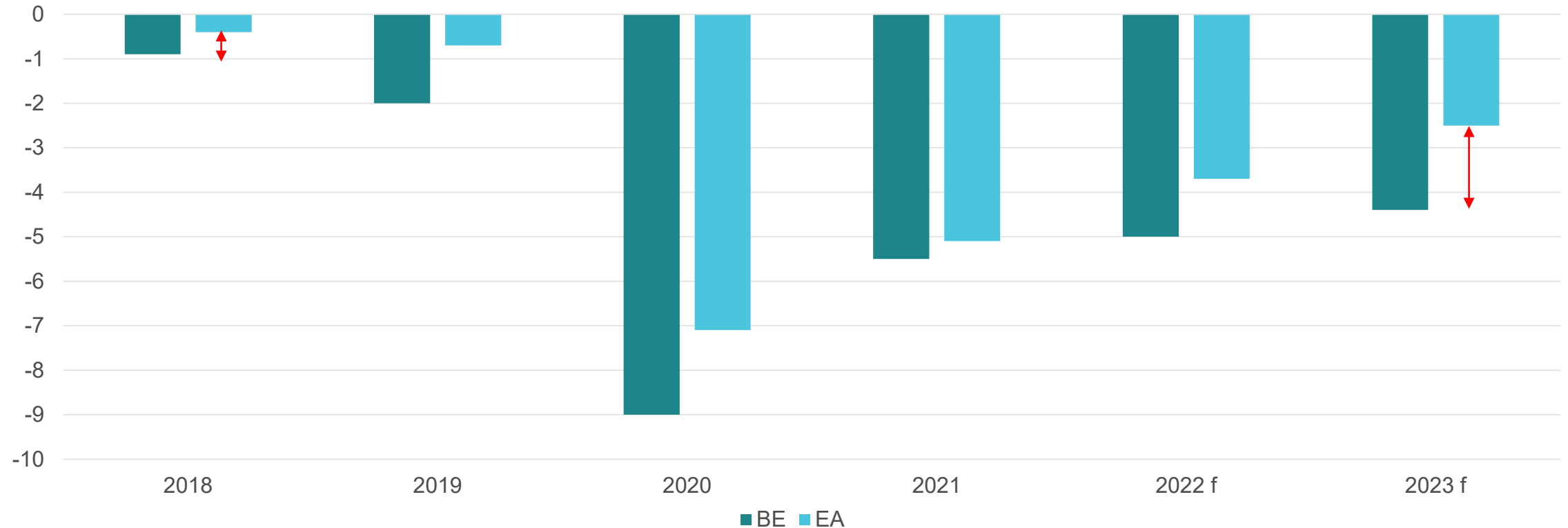


# Fiscal cost of temporary energy measures (2021-2023)

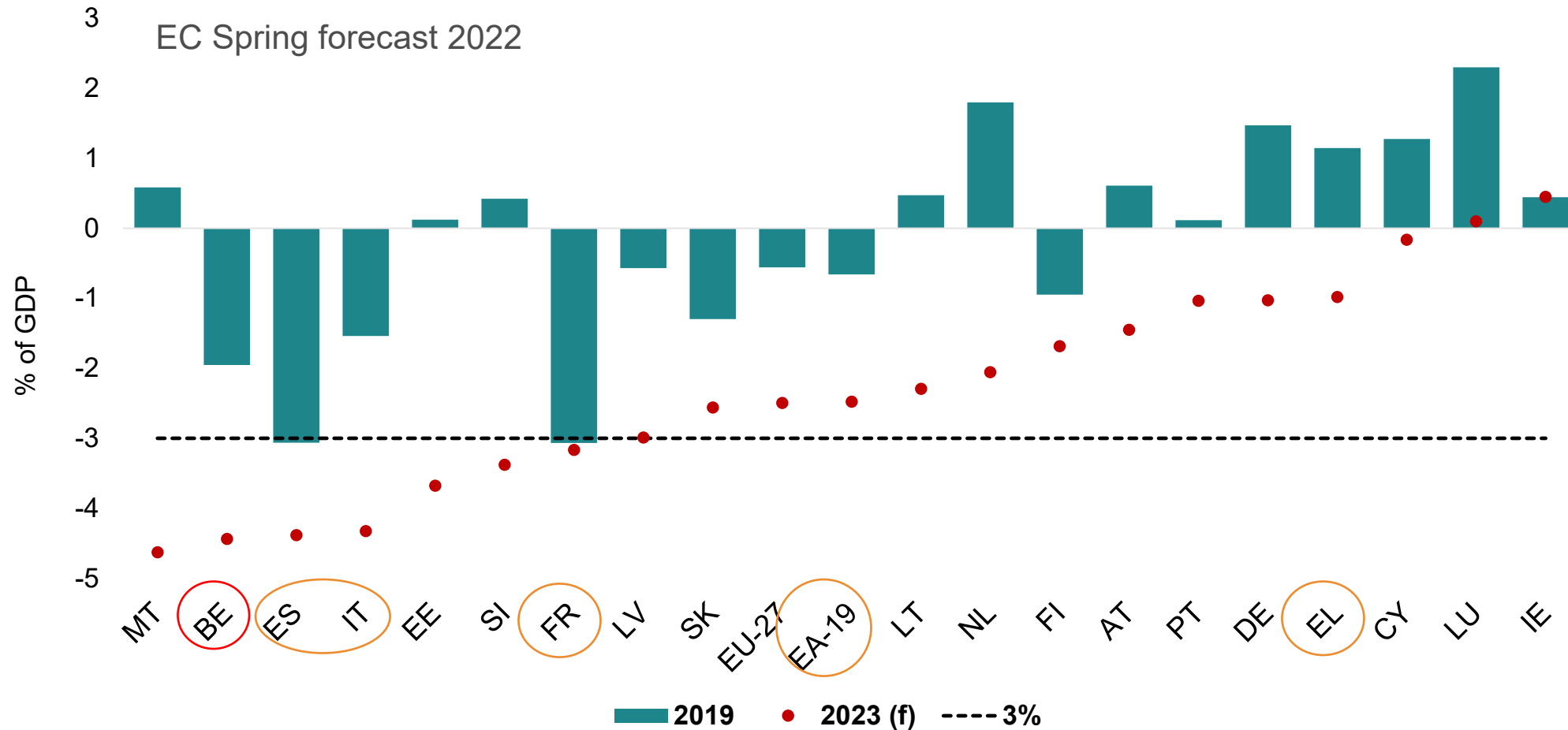


# General government budget developments (1)

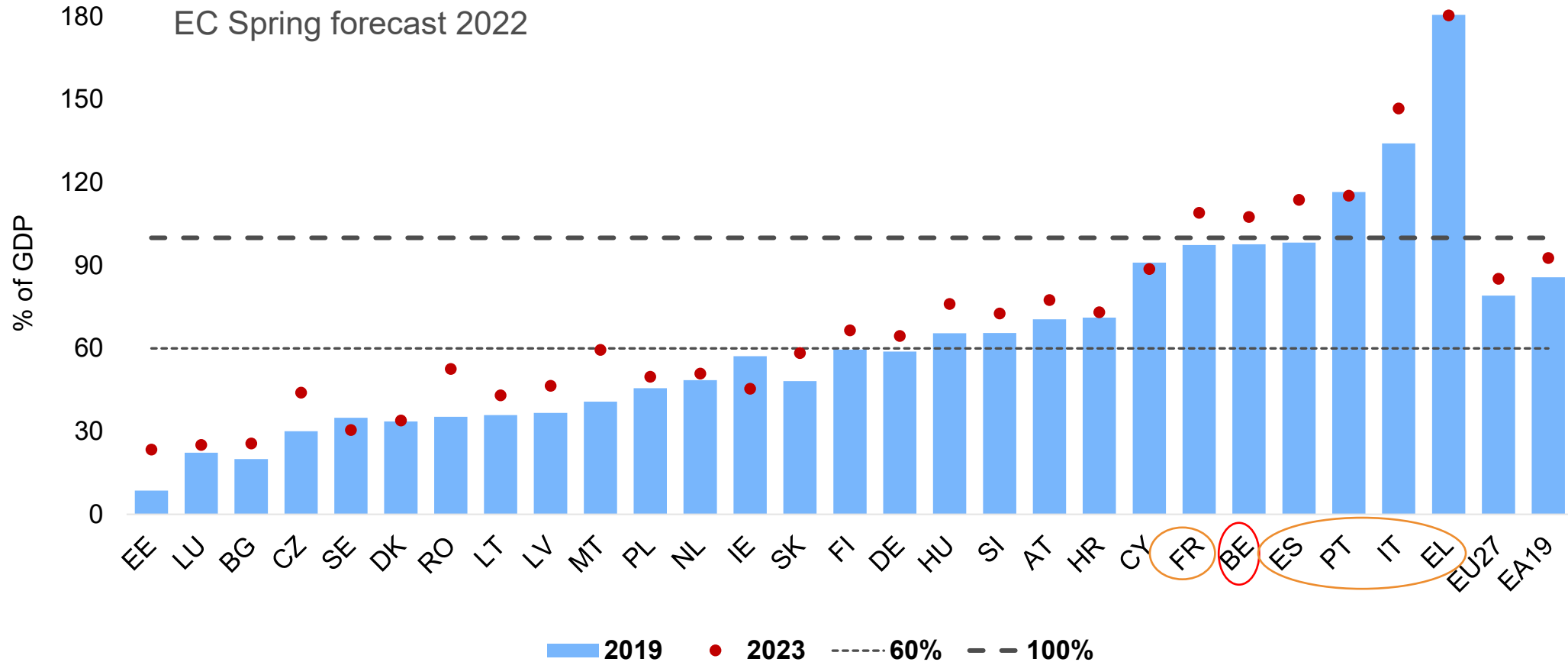
EC Spring forecast 2022 (% of GDP)



# General government budget developments (2)



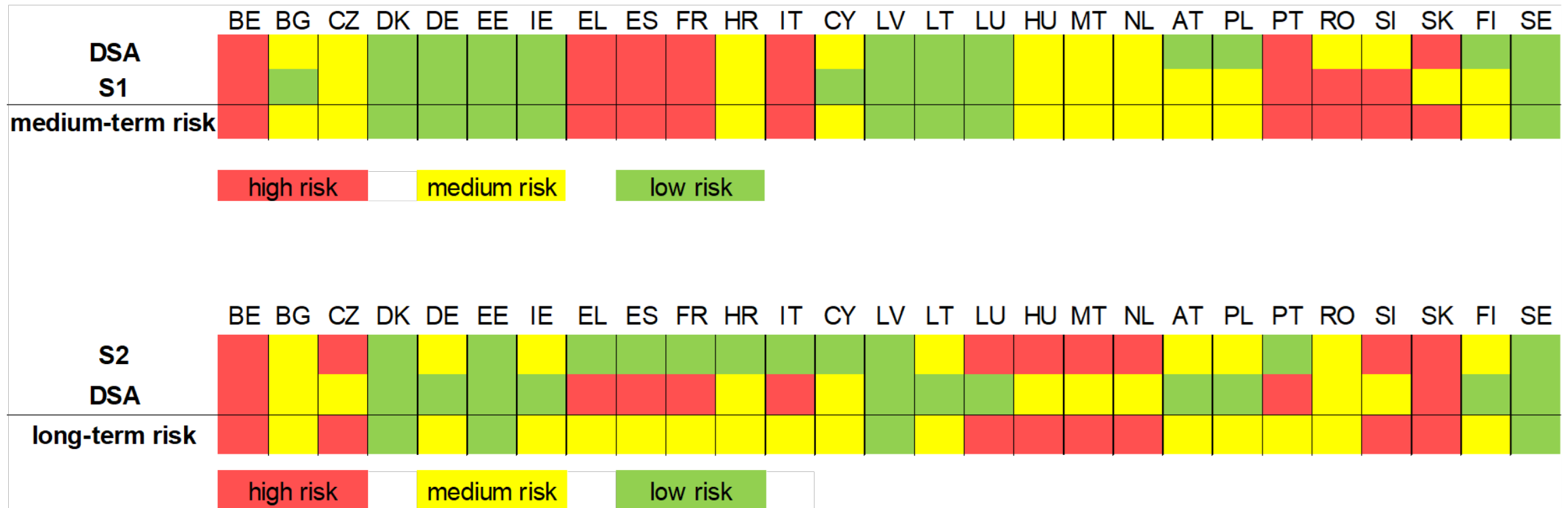
# General government debt developments



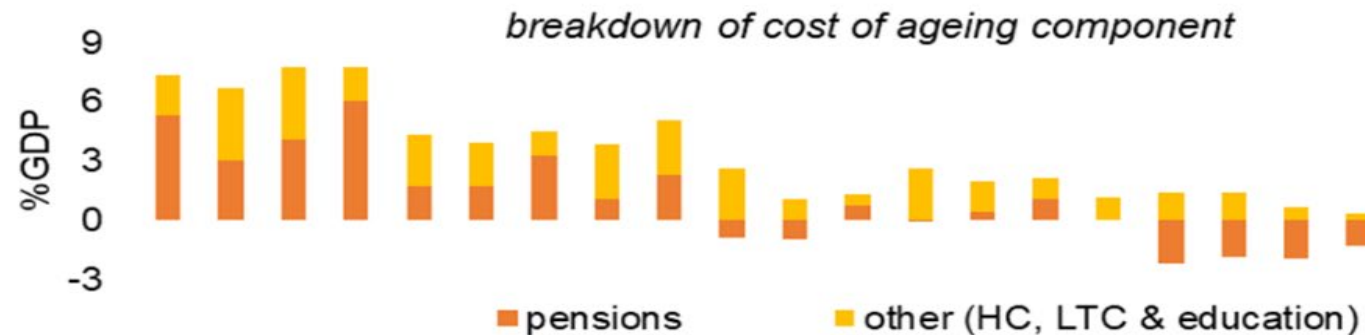
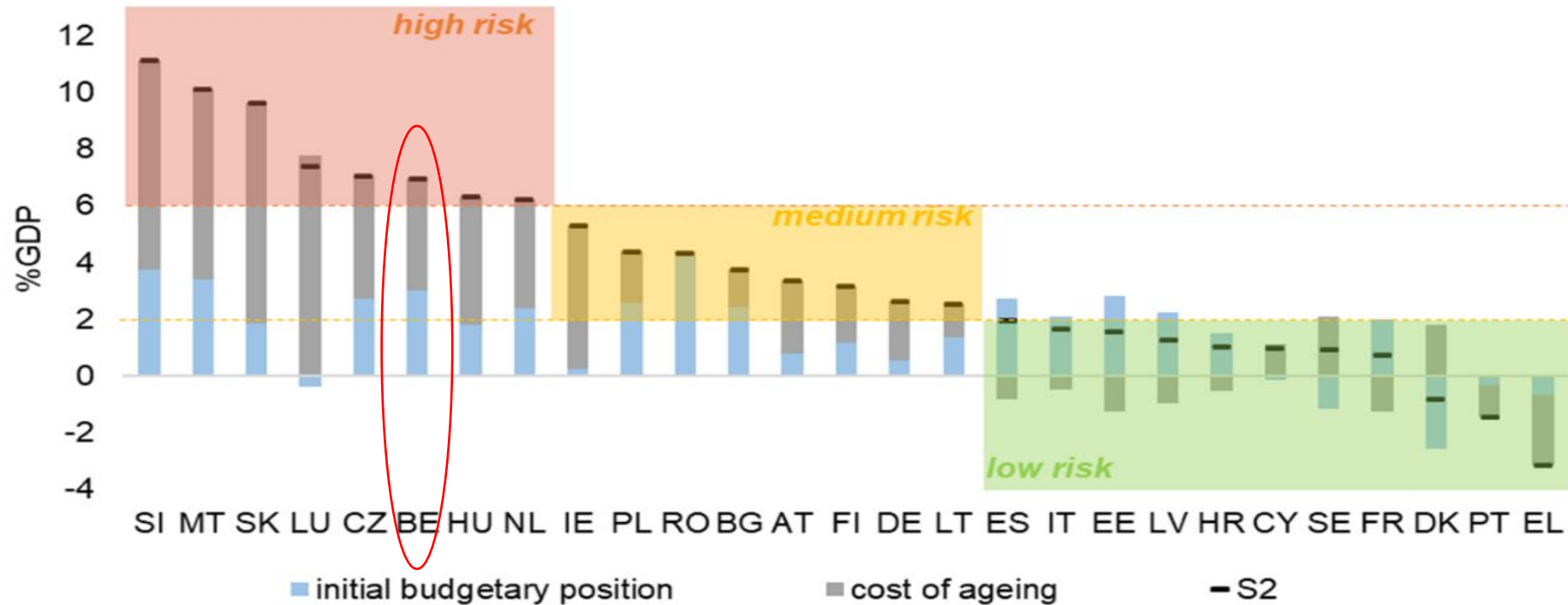


# 1.2 Medium and long term outlook

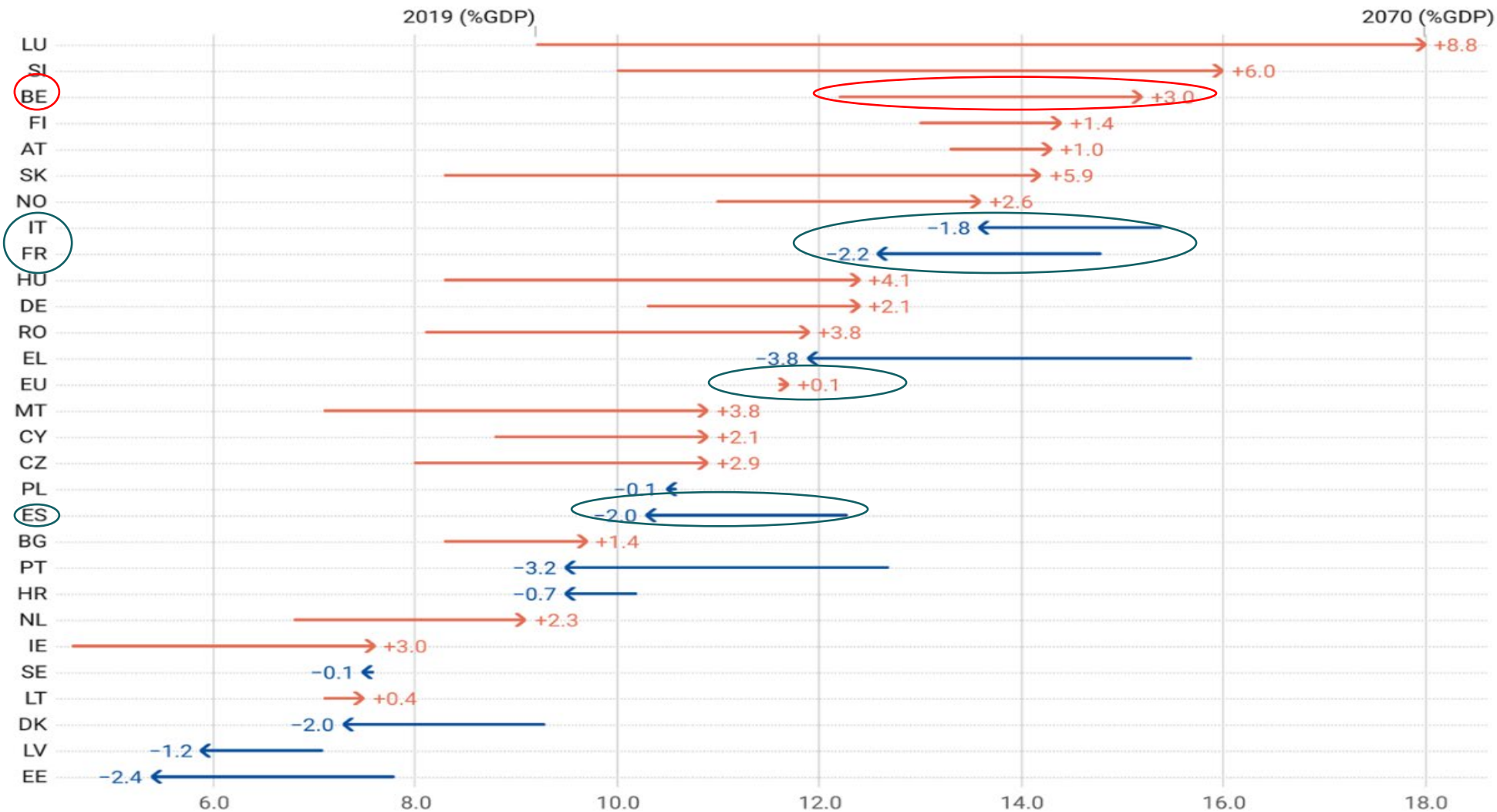
# Indicators (S1, S2, DSA) point to high medium and long run sustainability risks



# Adjustment needed to stabilise public debt (S2)



# Level and change in public pension expenditure 2019-2070 (pps of GDP)



# 2.1 EU fiscal surveillance

# Fiscal Recommendation EU Semester 2022

- Activation of General Escape Clause doesn't mean no EDP can be open, but that under current exceptional economic circumstances a budgetary adjustment path cannot be established
- Differentiated recommendation for high debt MS (BE, IT, ES, FR, GR)
- Growth of net current spending in 2023 not above medium term output
- Beyond 2023: gradual debt reduction to ensure medium term sustainability
- Energy measures: temporary, targeted, keep price signal => no specific treatment yet

*Fiscal CSR 2022: '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'*

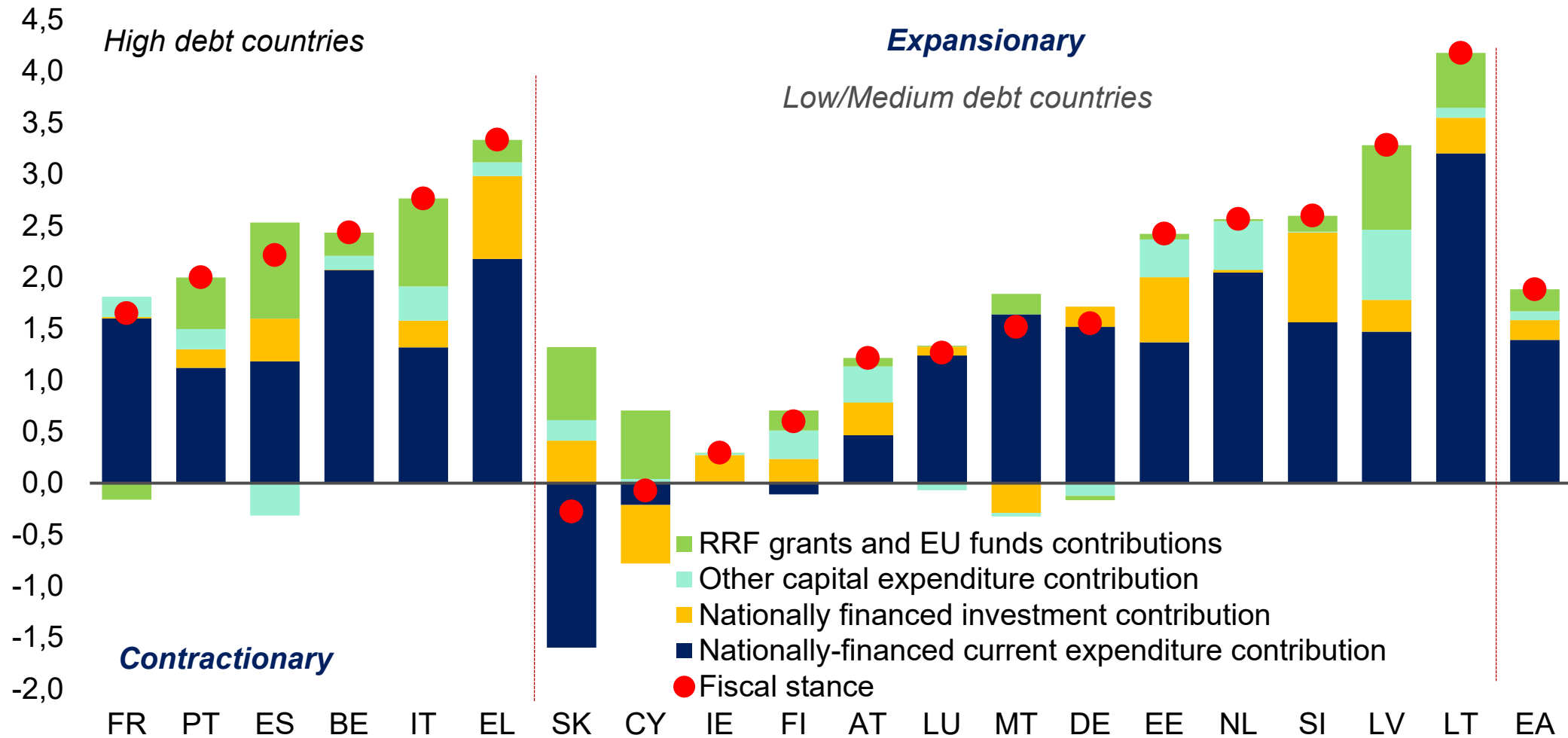
*'For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms'*



# New surveillance indicator: the fiscal stance

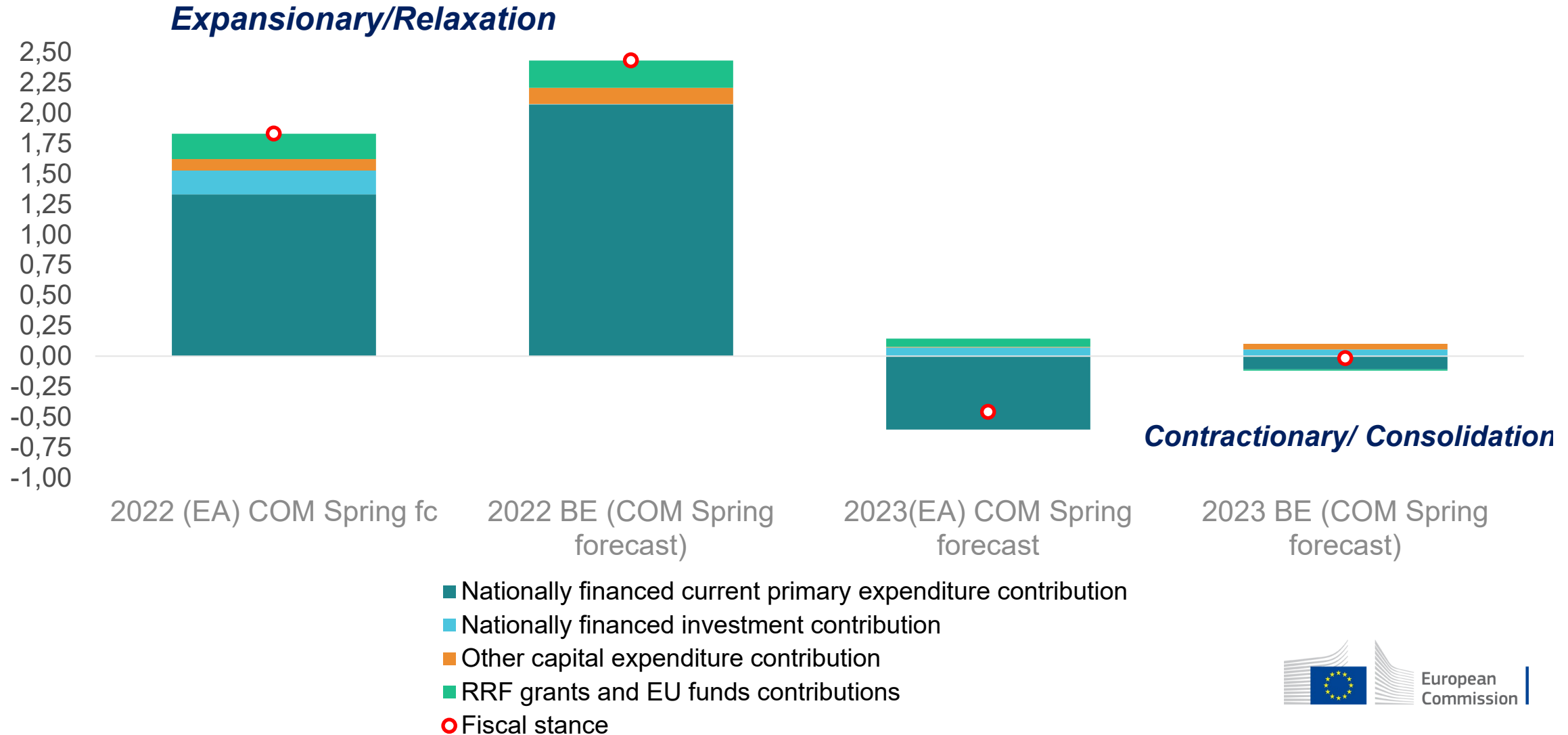
- Published in new statistical annex of the SP/DBP assessment
- Growth of primary expenditure (excluding interests) with respect to 10 year potential growth rate (nominal)
  - net of discretionary revenue measures and one-offs,
  - excluding temporary covid measures
  - including expenditure financed by the RRF/EU funds

# Decomposition of projected fiscal stance (2022)





# Projected fiscal instance (2022-23): EA vs BE



# Thank you



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