



European Semester 2022 and the implementation of the Recovery and Resilience plan of Belgium

**Vlaams Parlement – Commissie voor voor Algemeen Beleid,
Financiën, Begroting en Justitie**

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RECOVER Task force

Outline

1. **European Semester 2022 – main features of autumn package**
2. Fiscal rules context and opinion on the 2022 Draft Budgetary plan of Belgium
3. Implementation of the Recovery and Resilience Plan of Belgium, including in Flanders

The European Semester in a nutshell

- **Annual** integrated cycle for **coordination** of Member States'
 - ✓ **Economic** policies (incl. surveillance of fiscal policies & macro-economic imbalances)
 - ✓ **Employment and social** policies
- **Well established, dynamic & agile instrument**
 - ✓ Integration of European Pillar of Social Rights
 - ✓ Strengthened link with cohesion policy
 - ✓ 2020 cycle: Green deal, Integration of Sustainable Development Goals
 - ✓ 2021 cycle: Refocus & enhanced role in response to COVID-19 crisis
 - ✓ 2022 cycle: Gradual return to 'new' normal, and evolving in line with Recovery and Resilience Facility implementation

The European semester takes the form of a continuous dialogue between the EU and each Member State

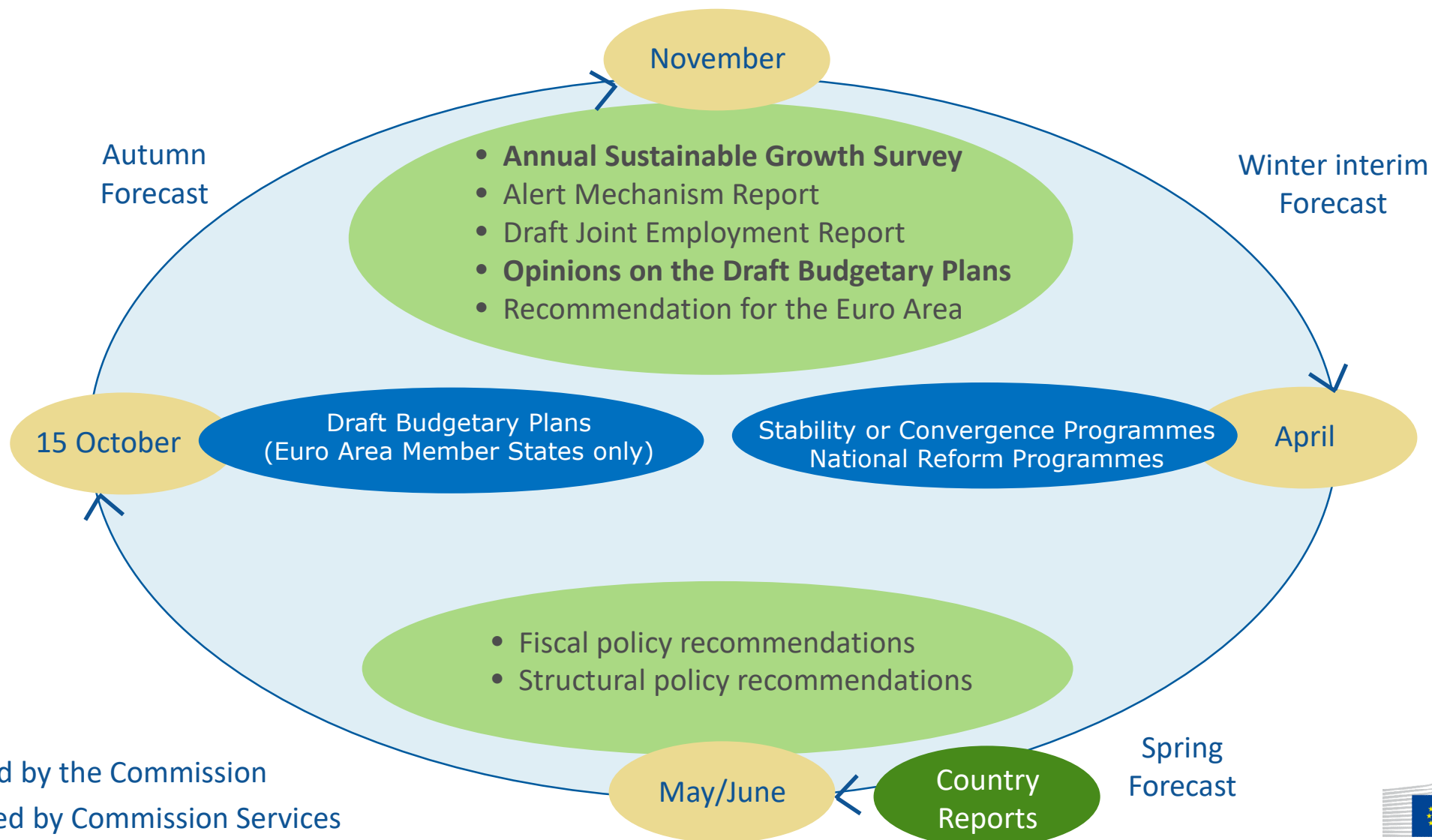


- Sets out **policy priorities** (Annual Sustainable Growth Survey)
- Analyses & monitors **economic & social developments** and assesses progress
- Addresses **country-specific recommendations**

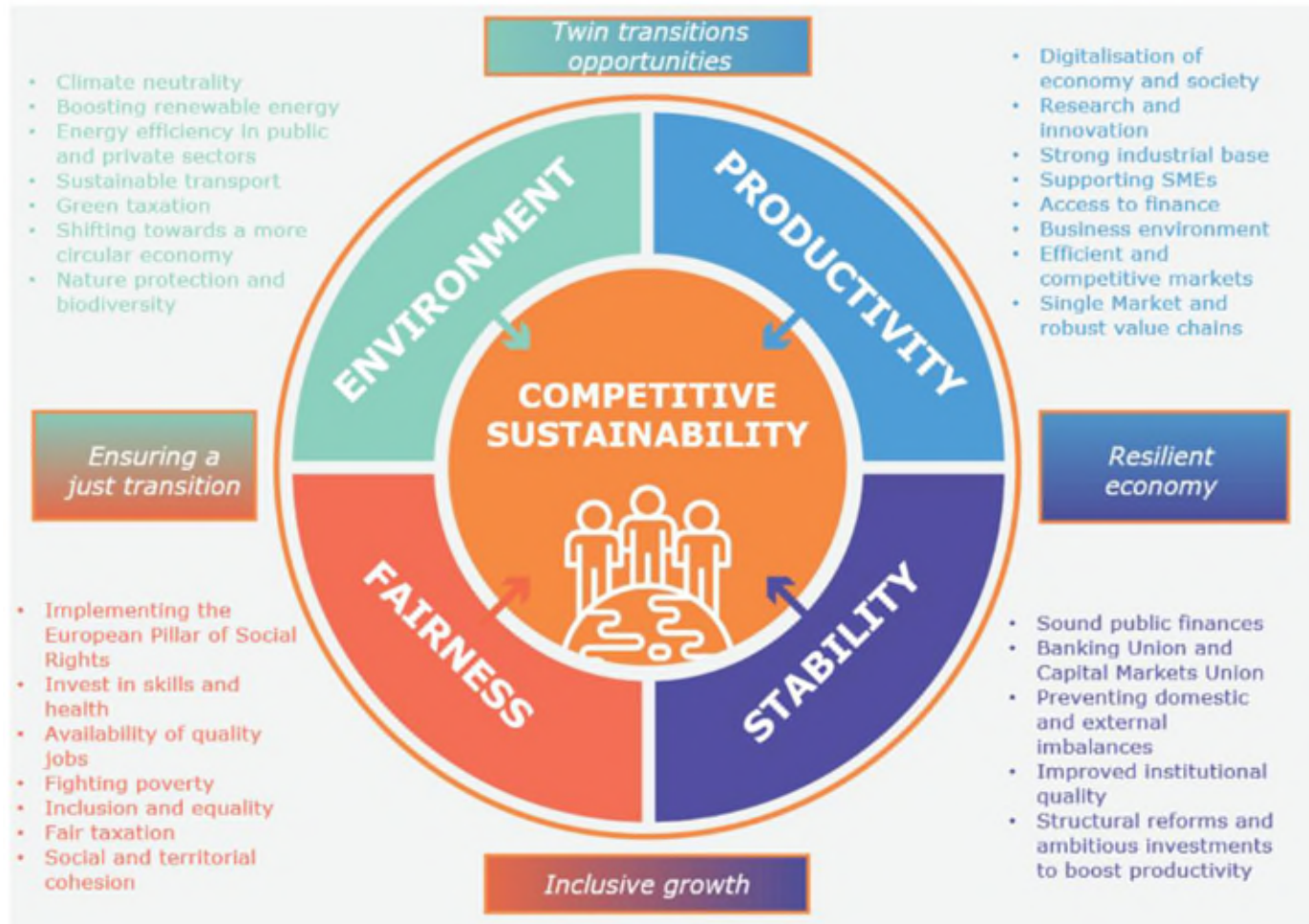


- Submits **policy plans** (National Reform Programme)
- Submits **fiscal plans** as euro-area member (Stability Programme and draft budgetary plan)

The 2022 Semester Cycle



Annual Sustainable Growth Survey 2022



- Agenda for 2022 steers the EU away from crisis management towards a sustainable and fair recovery that strengthens the EU economy's resilience, in line with the green and digital transition.
- The **Recovery and Resilience Facility**, embedded in the European Semester, **is the key instrument** for the years to come to deliver on this agenda

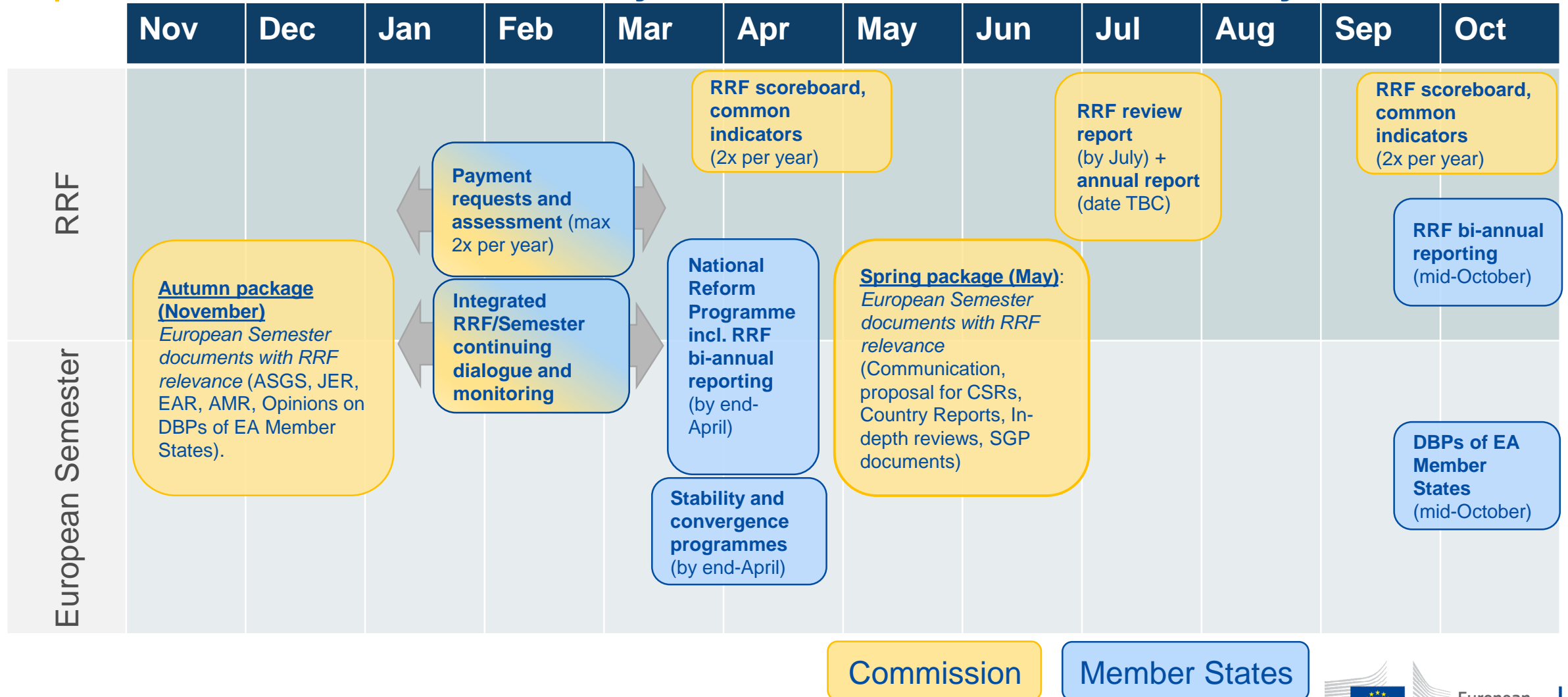
Sustainable Development Goals (SDGs) will be further integrated into the European Semester cycle



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

Matching of SDGs with competitive sustainability guiding principles

European Semester evolves to take into account the Recovery and Resilience Facility



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Public debate on the review of the EU's economic governance framework

- First launched in February 2020, relaunched in October 2021
- Debate can draw on both the Commission's view of the effectiveness of the economic surveillance framework presented in February 2020 and the lessons learnt from the COVID-19 crisis.
- Citizens, organisations and public authorities were invited to submit their contributions by 31 December 2021.
- The Commission will provide orientations on possible changes to the economic governance framework with the objective of achieving a broad-based consensus on the way forward well in time for 2023.

Main conclusions of Commission opinion on Belgium Draft Budgetary Plan (1/2)

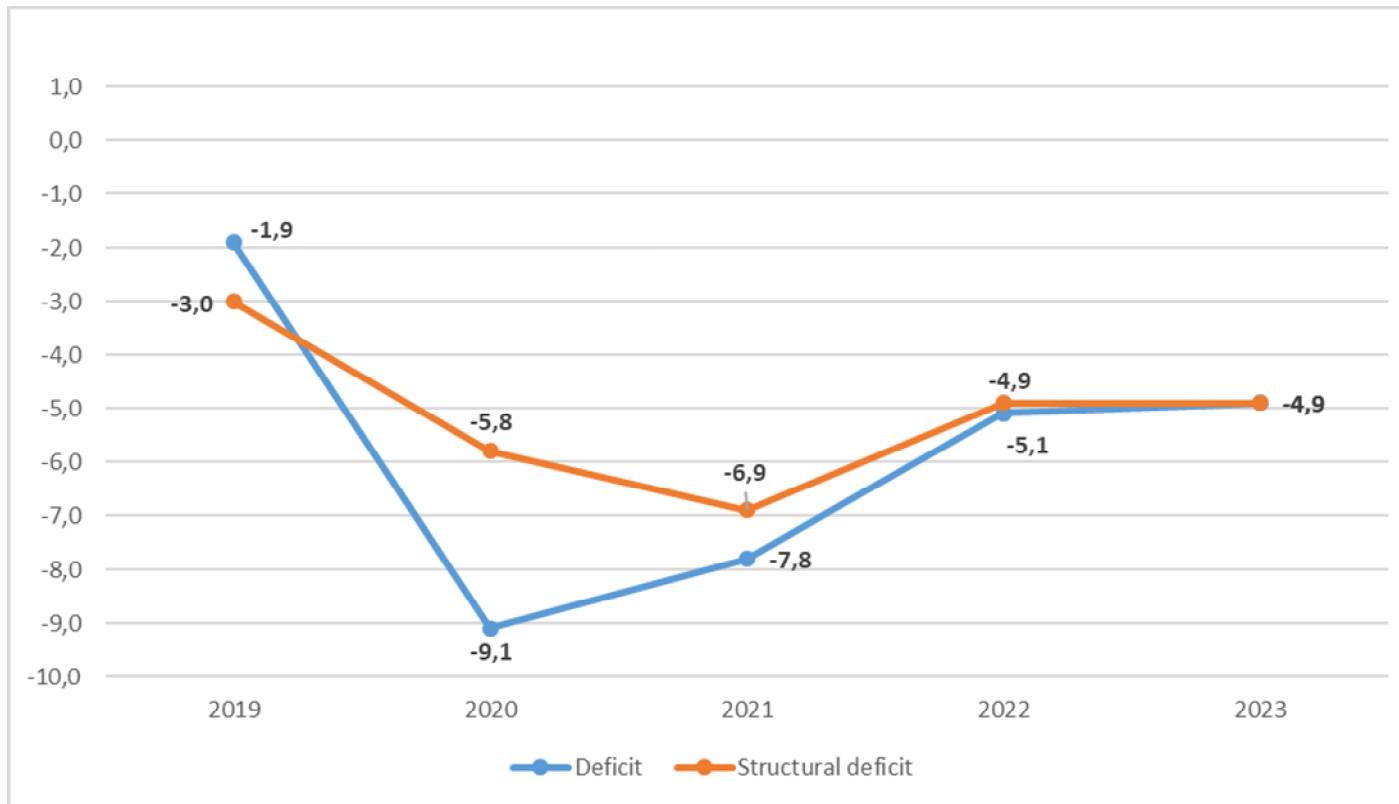
- *As recommended by the Council, Belgium plans to provide continued support to the recovery by making **use of the Recovery and Resilience Facility to finance additional investment** (... and) to **preserve nationally financed investment**.*
- *Given the level of Belgium's government debt and high sustainability challenges in the medium term before the outbreak of the COVID-19 pandemic, when taking supportive budgetary measures, it is **important to preserve prudent fiscal policy** in order to ensure sustainable public finances in the medium term.*

Main conclusions of Commission opinion on Belgium Draft Budgetary Plan (2/2)

- *The Commission **recalls the importance of the composition of public finances and the quality of budgetary measures**, including through growth-enhancing investment, notably supporting the green and digital transition. The measures announced in the Draft Budgetary Plan are in line with the recommendation, while small in size.*
- *Taking into account the strength of the recovery, **Belgium is invited to regularly review the use, effectiveness and adequacy of the support measures** and stand ready to adapt them as necessary to changing circumstances.*

European Commission Autumn Forecast

Belgium – General government balance and structural budget balance (as % of GDP)



- Government **deficit to stabilise in 2022-2023**, but at **a high level**. Improvement is driven by the progressive phasing-out of crisis measures and by higher revenue.
- **Public expenditure is projected to decrease only slightly in nominal terms in 2022 and to increase again in 2023**. Notably due to:
 - growth in **non-crisis social expenditure**, projected to accelerate in 2022-2023 because of higher spending on health and pensions due to population ageing.
 - **one-off emergency and reconstruction expenditures** triggered by the floods in July 2021 (0.25% of GDP in both 2021 and 2022)
 - recent **measures to reduce the cost of energy bills** (0.1% of GDP)

Fiscal stance is projected to be supportive in 2022

- « Fiscal stance » : Growth of primary expenditures compared to medium term potential growth*
- Belgium fiscal stance in 2022 = -0.7% of GDP
 - 0.2% Investment financed by EU Recovery and Resilience Facility
 - 0.1% National investment
 - 0.4% Primary current expenditures (net of new revenue measures)

* net of discretionary revenue measures and one-offs, and excluding crisis support measures but including measures supported by Recovery and Resilience Facility and other EU funds. Negative sign means expansionary stance,

Outline

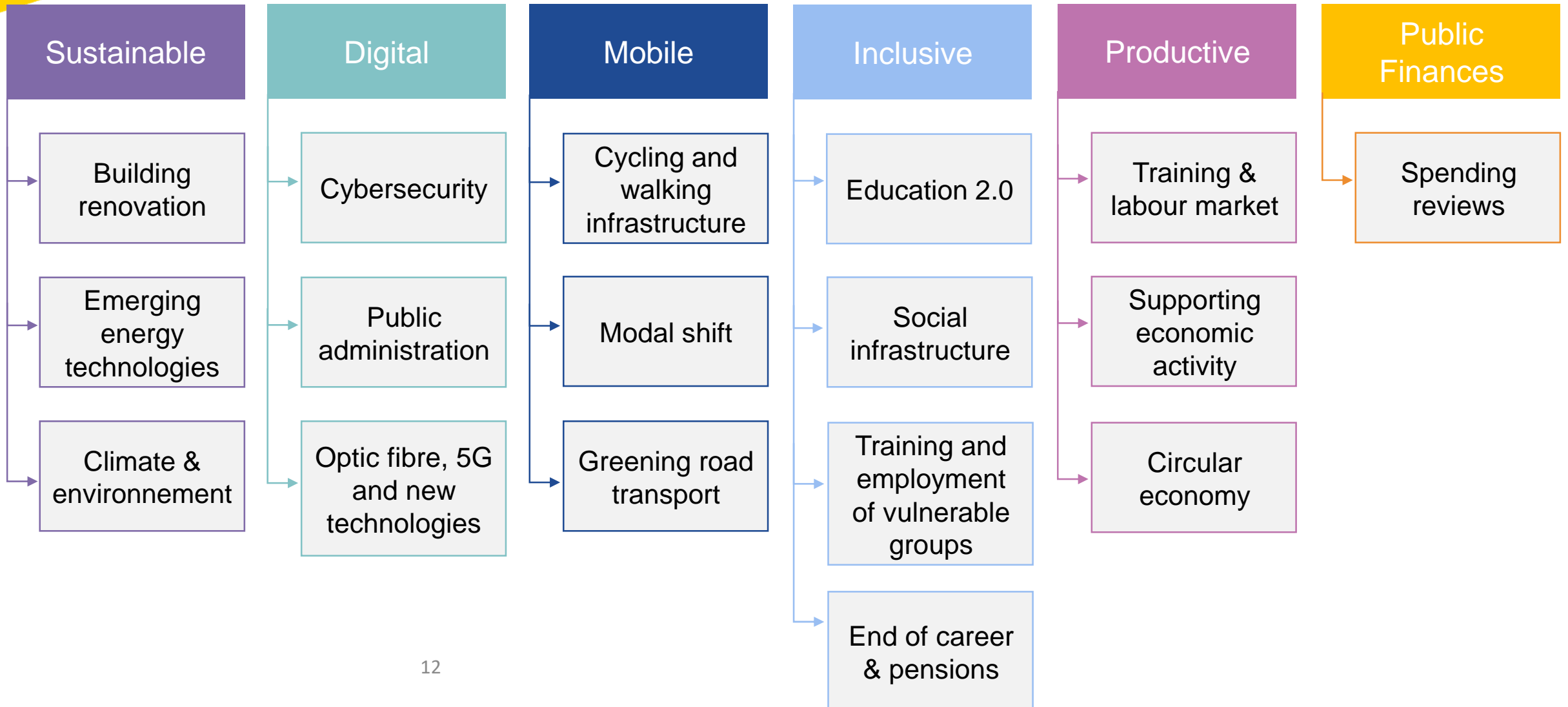
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23 June 2021
EU Commission greenlights BE plan

13 July 2021
Council adopts Implementing Decision



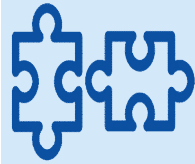
Overview of the Belgian Recovery and Resilience Plan (1/2)



Overview of the Belgian Recovery and Resilience Plan (2/2)



**17
components**



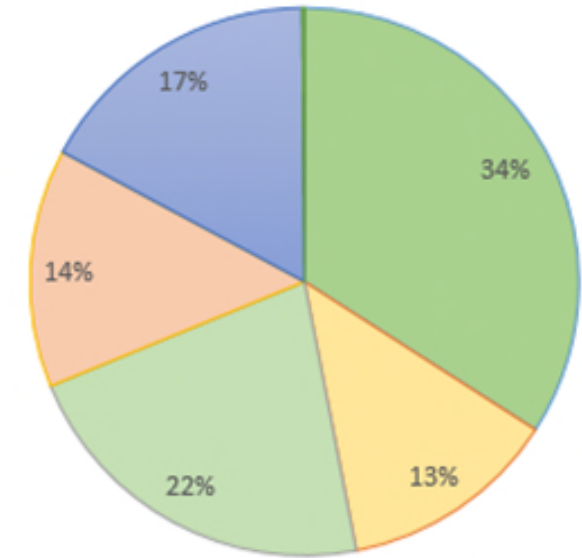
140 measures
35 reforms
105 investments



**210
Milestones &
Targets**



**€5,9 bn in
grants
(estimated)**



- 1. Climate, sustainability and innovation
 ■ 2. Digital transformation
- 3. Mobility
 ■ 4. Social and living-together
- 5. Economy of the future and productivity
 ■ 6. Public finances

Decision and Commission assessment of plans

Council Implementing Decision (CID)

- Legal agreement between the European Union and Belgium on the plan
- Proposed by Commission and adopted by the Council

Annex of Council Implementing Decision

- Outline of the reforms and investments and their timeline for implementation (milestones and targets)
- “Roadmap and timeline” for implementation, which will trigger regular disbursements

Staff Working Document

- Outline and detailed explanations of the findings of the CID
- Annex listing the climate and digital contributions per investment

Operational Arrangement for the Recovery and Resilience plan of Belgium

- Bilateral agreement between Commission and Belgium is currently being discussed.
- Arrangements for the monitoring of the implementation of national recovery and resilience plans.
- Notably defines the verification mechanism demonstrating that a given milestone or target of the plan is met

State of Play of implementation in Flanders

- Dialogue with the Commission during the implementation phase is ongoing and will take place on regular basis
- Objective is identifying risk of non compliance and anticipating issues ahead of Belgium request for payment
- Communication on the plan to citizens is also a priority for the European Commission also in Flanders
- Definitive amount of financial support expected to be confirmed in June 2022



- ✓ **The 2022 European Semester will mark the return to a new normal while being closely aligned with the implementation of the Recovery and Resilience plans**
- ✓ **NextGenEU will accelerate the green and digital transitions in Belgium, stimulate growth and make the country even better prepared for the future**
- ✓ **To make NextGenEU real, effective implementation on the ground will be key, requiring continued involvement of all stakeholders, incl. social partners**

Meer informatie

- [Press release: The European Semester Autumn Package](#)
- [European Semester Autumn Package](#)
- [Annual Sustainable Growth Survey 2022](#)
- [Communication on the 2022 Draft Budgetary Plans](#)
- [Opinions on Draft Budgetary Plans](#)
- [**Belgium Recovery and Resilience Plan**](#)
- [**Recovery and Resilience Scoreboard**](#)

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Dank U



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