



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 19 October 2018

Dear Mr Costers,

We would like to thank you for the submission of Belgium's Draft Budgetary Plan (DBP) for 2019, which we received on 15 October. In line with the provisions of Article 7 of Regulation (EU) No. 473/2013, we are writing you to ask for clarifications on the compliance of Belgium's planned fiscal effort in 2019 with the requirements of the preventive arm of the Stability and Growth Pact.

The DBP plans a nominal growth rate of net primary expenditures of 2.2%, which exceeds the recommended maximum increase of 1.6%. The planned structural effort in 2019 amounts to 0.2% of GDP, both at face value and once recalculated by the Commission services according to the commonly agreed methodology. This effort is below the structural improvement of 0.6% of GDP required in the Council recommendation of 13 July 2018.

We would thus welcome further information on the precise composition of the structural effort and expenditure developments envisaged in the DBP, in particular on the different underlying assumptions and on the nature and the yield of new budgetary measures to see how to avoid the risk of a significant deviation from the recommended fiscal adjustment both in 2019 and over 2018 and 2019 together.

Our assessment also indicates that Belgium's plan would not comply with the debt reduction benchmark in 2019 (which is laid down by Article 2(1a) of Regulation 1467/97 and elaborated in the Code of Conduct on the SGP). We would like to recall that broad compliance with the preventive arm of the Stability and Growth Pact is a key relevant factor that the Commission takes into account when preparing a report under Article 126(3) Treaty on the Functioning of the European Union on the prima facie breach of the debt reduction benchmark.

At the same time, we take note of Belgium's request in the DBP to make use of the flexibility under the preventive arm of the Stability and Growth Pact to take account of major structural reforms with a positive impact on the long-term sustainability of public finances. The European Commission, and later on the Council, are expected to make a thorough assessment of the application, considering the eligibility criteria.

Mr Steven Costers
Counsellor General
Federal Public Service Finance - Treasury
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BE-1040 Brussels

The European Commission seeks to continue a constructive dialogue with Belgium in order to come to a final assessment. We would welcome your views by 22 October 2018, close of business, to allow the European Commission to take them into account before it provides its formal Opinion on the DBP.

My services stand ready to assist your services in this process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M Buti', with a stylized flourish at the end.

Marco Buti