



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 27 October 2023
ECFIN/MV

Mr Steven Costers
Counsellor General
Federal Public Service Finance -
Treasury
Avenue des Arts 30
BE-1040 Brussels

Dear Mr Costers,

Thank you for the submission of Belgium's Draft Budgetary Plan (DBP) for 2024, which we received on 16 October. We are writing to ask for clarifications on the compliance of Belgium's DBP for 2024 with the Council Recommendation of 14 July 2023¹.

The Council recommended Belgium to wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. It also recommended Belgium to ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2%. The recommendation also called on Belgium to preserve nationally financed public investment and ensure the effective absorption of RRF grants and of other Union funds, in particular to foster the green and digital transitions.

According to a preliminary analysis by my services, the DBP of Belgium results in a nominal increase in nationally financed net primary expenditure (henceforth, net expenditure) in 2024 of 3.7%, which exceeds the maximum recommended growth rate of 2.0% by a large margin. This means that net expenditure is planned to exceed the recommendation by 0.9% of GDP in 2024. We also note that the DBP plans an improvement of the structural budget balance by 0.7% of GDP in 2024, which contrasts with the envisaged growth of net expenditure, the relevant indicator for the assessment.

At the same time, we also note that Belgium's headline budget deficit is planned at 4.6% of GDP in 2024, well above the Treaty reference value of 3% of GDP, and the high government debt ratio is planned to decline only marginally, from 108.3% of GDP in 2023 to 108.1% in 2024.

¹ Council Recommendation on the 2023 National Reform Programme of Belgium and delivering a Council opinion on the 2023 Stability Programme of Belgium, OJ C 312, 1.9.2023, p. 11-12.

As our preliminary analysis points to a risk of net expenditure exceeding that recommended by the Council, we would like to invite you to provide further information on the drivers of net expenditure in 2024.

We look forward to receiving your views by 3 November, which would allow the Commission to take them into account in its further analysis.

Yours sincerely,

Electronically signed

Maarten VERWEY