National Recovery and Resilience Plan
Belgium
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National Recovery and Resilience Plan: Belgium

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Abstract

The funds of the NextGenerationEU recovery plan have been welcomed by the Belgian government as an opportunity to make investments while the state budget was limited as a result of the impact of the Covid-19 pandemic. Social policy measures form only a limited part of the Belgian Recovery and Resilience Plan (RRP) and Belgium's peculiar government structure – entailing a patchwork of initiatives from the various federal, Flemish, Brussels and Walloon governments – does not necessarily make it easy to develop a coherent approach for the country as a whole. Nevertheless there are some clear priorities, such as labour market inclusion and increasing labour market participation, fostering digital skills and lifelong learning. The social partners' involvement in developing the plan has been rather minimal. The Commission's assessment was positive overall, but the lack of major pension reforms might yield a different view in the future. In any case, the fear that the Commission (and Council) would use NextGenerationEU to call for new austerity measures has not come true, which is helped by the fact that the EU is still not returning to a strict application of its fiscal rules.

Keywords: NextGenerationEU, Recovery and Resilience Facility, Belgium, European Union, European Pillar of Social Rights, Economic governance.

1. General Framework.

The Covid-19 crisis hit Belgium very hard. It had one of the highest mortality rates in the EU, especially during the first year (2020).[1] The pandemic also had a shock effect on the economy, with a decrease in Belgian GDP of 6.3 per cent in 2020.[2] After the federal elections of May 2019 a difficult government formation process ensued that eventually lasted 494 days, but the health crisis forced the governing political parties to form a new federal government.

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[1] In 2020 almost 20,000 people died from Covid-19, an excess mortality rate of 16.8 per cent. In April 2022, the number of Covid-19 deaths stood at 31,000. For official figures, *see* Sciensano, https://www.sciensano.be/en/node/65970.

[2] National Bank of Belgium, *De Belgische economie in de nasleep van de COVID-19-schok*, September 2021, https://www.nbb.be/nl/artikels/de-belgische-economie-de-nasleep-van-de-covid-19-schok.

This took office in October 2020 with Alexander De Croo as prime minister. Therefore, it was the transitional Wilmes II government that represented Belgium during the negotiations on the EU Recovery Strategy. Like the Netherlands, Belgium was not happy with the division key proposed by the Commission, which would grant 4.82 billion euros (€) to Belgium. There was frustration at the large grant apportioned to Poland, given its government's ongoing illiberal and undemocratic behaviour. Unlike the Netherlands, Sweden, Denmark and Austria, however, Belgium did not make demands on southern European countries regarding their budgetary sovereignty. Eventually, Belgium followed the French-German line of Macron and (at that time) Merkel and the modification of the division key increased the prognosed share for Belgium, first to €5.1 billion and finally to €5.9 billion. Together with the other Benelux partners, Belgium remains critical for Poland and Hungary during the process.

The €5.9 billion also had to be divided among six governments in Belgium: the federal government, the Flemish government, the government of Brussels region, the Walloon regional government, and the two governments of the French-speaking and the German-speaking communities. The internal Belgian negotiations started under dark clouds, given that the Flemish government immediately demanded a share of €3 billion on the grounds that Flanders represents the majority of the population and the economy. The internal division key proposed by the EU Commission already granted Flanders the main share of the funding, however, and newly appointed Federal Secretary of State for Recovery Thomas Dermine was able to relieve the tensions and a compromise was reached between the six governments by December 2021. A sum of €2.25 billion was allotted to Flanders, €1.48 billion to the Walloon region, €1.25 billion to the federal government, €495 million to the French-speaking Community, €395 million to the Brussels Capital Region and €50 million euros to the German-speaking community. As the Belgian economy grew more than expected in 2021, however, the grant was further adjusted in the middle of 2022 to €4.5 billion. The same partition key was maintained (although Wallonia called for a change in its favour).

2. Belgian Recovery and Resilience Plan: overview.

2.1. Amount requested.

As already mentioned, the RRP initially granted Belgium €5.9 billion, which will be divided among the different regions and the federal government. The various governments have submitted projects that would require 130 per cent of this budget, and the projects that did not obtain RRP approval would be financed by the federal government, Flanders and Brussels. However, there were questions whether Brussels would be able to afford these additional investments, and the governments of the Walloon region and the French-speaking community had to point out immediately that it would probably not be possible to finance the additional projects (which will be dropped). As Belgium eventually received €1.4 billion

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less than initially expected, even fewer of the proposed projects will be fully funded by the RRP.

2.2. Majority of reforms and investments.

Belgium submitted its national plan for recovery and resilience to the EU Commission on 30 April 2021.[3] The plan includes 140 projects, focusing on six pillars:

(i) climate, sustainability and innovation;
(ii) digital transformation;
(iii) mobility;
(iv) people and society;
(v) economy of the future and productivity;
(vi) public finances.

Some 50 per cent of the budget would be allocated to projects concerned with the climate transition. This is significantly more than the 37 per cent requested by the Commission. The climate-related projects are related to sustainable mobility, notably in numerous rail infrastructure projects, the roll-out of 356 green buses and over 7,000 electric charging stations, and the construction of over 1,500 km of cycling infrastructure (€1.3 billion); energy renovation of homes and public buildings (€1 billion); energy transition with projects to produce and transport hydrogen and the construction of an energy hub in the North Sea to interconnect with wind power generation capacity; and the preservation of biodiversity and sustainable water management.

Another 27 per cent of the budget will support projects regarding the digital transition, including the roll-out of 5G and a fibre network for the internet, the digital transformation of administrative services to citizens and businesses, the digital transformation of the justice and health care systems, strengthened cyber resilience and cyber security, the digital inclusiveness of society and the financing of a more inclusive and future-proof education system, in particular by better developing computer, science, technology, engineering and mathematics skills.

Next, key measures to strengthen Belgium's economic and social resilience include measures to support employment, through more personalised support for job seekers; the introduction of training accounts and investments in lifelong learning and digital training; improving the business environment with shorter timeframes for obtaining construction and environmental permits; investments in research and development, focusing on the green and digital transitions: artificial intelligence, innovative energy technologies and nuclear medicine for cancer treatment; and the systematic inclusion of expenditure reviews in the preparation

[3] Cabinet of the Secretary of State for Recovery and Strategic Investments of Belgium, *National Plan for Recovery and Resilience – Belgium*, Brussels, June 2021, https://dermine.belgium.be/sites/default/files/articles/NL%20-%20Nationaal%20plan%20voor%20herstel%20een%20veerkracht_1.pdf (in Dutch) (Belgian RRP).

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of budgets at different levels of government in order to improve the efficiency of public spending and to better target it towards the economic, social and environmental priorities of the country.

2.3 Social policy measures.

More specifically, the measures related to social policy and the labour market can be found in two pillars of the Belgian RRP. In the fourth pillar 'Humans and society', component 4.2 focuses on the training and employment of vulnerable groups and component 4.4 to end-of-career measures and pension reform. In the fifth pillar 'Economy of the future and productivity', component 5.1 concerns education and the labour market.

Regarding the training and employment of vulnerable groups, three governments propose taking measures with for purpose of better integrating vulnerable groups in the labour market and enhancing their digital skills. The federal government wishes to combat discrimination in the labour market, as the labour market participation on citizens with a non-EU background is only 48 per cent. In order to achieve this, the federal government wants to reinforce discrimination tests ('mystery shopping').[4] This measure is already approved by the parliament and is therefore one of the first social implementations of the RRP.[5] The federal government also wants to create digital platforms for prisoners that would allow them to pursue online education, look for jobs and enhance their re-integration into society.[6] Finally, the federal government wishes to increase the labour market participation of vulnerable women (single women, women with physical or mental disabilities, women with migrant backgrounds and so on) tackling the obstacles to their integration and launching trial projects focusing on this group's integration. [7] Next, the Brussels Capital Region aspires to improve its citizens' digital and language skills in order to boost employment, especially among young people below 30 years of age with a non-EU background.[8] They will do this by introducing a new legal framework for the regional employment service to improve jobseekers' skills. This region will also introduce a regional premium for employers who hire and integrate disabled employees. Also Flanders is looking to better integrate people with a non-EU background in the Flemish labour market by investing in active integration projects to be implemented the Flemish employment services and to apply a sector-based anti-discrimination policy via non-discrimination charters, a 'toolbox' and other measures.[9] Flanders will also invest in a digibank strategy, which includes projects to give access and

[4] Belgian RRP, nt. (3), 370–372. 'Mystery shopping' is a technique for monitoring discrimination. Social inspectorate officials or hired actors pretend to be job applicants with a minority background (the 'mystery shopper') and apply for the same job with a similar CV to someone with a non-minority background to see whether the employer is discriminating on specific protected discrimination grounds.

[5] Act of 1 April 2022 amending section 2/1 of the Social Penal Code concerning the special powers of social inspectors in the area of establishing discrimination, *Official Gazette*, 28 April 2022.

[6] Belgian RRP, nt. (3), 387–388.

[7] Belgian RRP, nt. (3), 389–391.

[8] Belgian RRP, nt. (3), 372–375.

[9] Belgian RRP, nt. (3), 375–380.

training to citizens regarding digital tools to avoid 'digital exclusion and poverty' among vulnerable groups.[10]

Taken as a whole, these projects will require €166 million (100 per cent financed by the European Recovery and Resilience Fund).

Next, regarding the end-of-career and pension reform component, the federal government is planning a major reform of the pension system, hoping to further raise the age at which citizens take their retirement in light of the exploding costs of the ageing population.[11] The reform plan is rather vague as this will require very difficult negotiations between the coalition parties of the federal government. However, this is represented merely as a structural measure, which does not require any funding from NextGenerationEU.

Finally, there is the component related to education or training and the labour market. The proposed measures require €388.9 million, of which €370.7 million (95 per cent) will be funded by the EU Recovery and Resilience Fund. [12] This includes measures aimed at increasing the employment rate and at the same time ensuring an inclusive labour market. The Belgian authorities wish to equip the workforce with skills relevant to current and future labour market needs, including in response to the green and digital transitions, and to increase labour market participation, not only through training, activation and support, but also by tackling employment traps and making work pay.

The federal government wants to conduct an analysis of the current situation of people who depend on benefits with a view to making it more advantageous for them to start working, instead of remaining in their current circumstances: at present, the difference between net wages and benefits is often negligible.[13] It could therefore become possible to work part-time without losing unemployment benefit. Next, the federal government will look at the mobility of workers towards sectors with high demand for qualified or skilled labour, for example, by improving the possibilities for workers to re-enter the education system to get the right qualifications to work in these sectors.[14] The federal government also aims to further reform the tax system to decrease the fiscal burden on labour.[15] Finally, it wishes to introduce an individual training account for all employees, which would grant every worker the right to an average of five days' occupational training per year.[16]

Also the Flemish government is an ardent supporter of lifelong learning and wishes to create its own 'learning and career account', which would be a digital platform to enable workers to find the best occupational training for them and provide an overview of training that they have successfully completed.[17] The region will support all kind of projects to improve the digital competences of employers and employees, but will also try to improve

[10] Belgian RRP, nt. (3), 391–396.
[11] Belgian RRP, nt. (3), 407–412.
[12] Belgian RRP, nt. (3), 414.
[13] Belgian RRP, nt. (3), 416–417.
[14] Belgian RRP, nt. (3), 417–419.
[15] Belgian RRP, nt. (3), 419–421.
[16] Belgian RRP, nt. (3), 421–424.
[17] Belgian RRP, nt. (3), 424–427.

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the capacities of its own employment services. [18] Next, Flanders wants employers, employees and job-seekers to assess their competences and respond with adequate training and specific investments for innovative measures. [19] Finally, Flanders wishes to encourage employees to undertake more training by conducting temporary trial projects to see whether it needs to adapt educational leave (which grants the right to request leave in order to pursue training or education).[20]

The Walloon government wishes to adapt the counselling system for the unemployed to develop a coaching and solution-focused approach, namely by providing more personalised assistance, partnerships with employers and third parties, centralising information and so on.[21] This new approach will also focus on digital support for the unemployed. The digital component is also present in the intention to establish A6KE6K, a regional centre in the city of Charleroi for digital and technological innovation and education, which will – among other things – focus on the training of NEETs and stimulate digital/technological start-ups.[22] Next, the Walloon government has plans to invest in education to provide employees for sectors with high employment demand. In order the boost the number of STEM (science, technology, engineering, mathematics) students, a EU Biotech and Health Hub will be created, but existing educational infrastructure will also receive funding.[23]

Finally, the Brussels Capital Region is looking to implement three mechanisms to boost its labour market: an online tool to monitor employees activated by the regional employment service, the creation of a fund to support employees in case of the restructuring or bankruptcy of their employer; and a support mechanism to reorientate employees towards bottleneck occupations. [24]

3. Social and labour dimensions of the RRP.

This section will further examine the elements of the Belgian RRP that touch on labour and social policies and social rights, including what the EU institutions consider the impact to be. It will also discuss the Country Specific Recommendations.

3.1 Evaluations by the Commission and the Council.

In general, the Commission reacted positively to the Belgian RRP. It stated: '*The Belgian plan is expected to have a lasting impact to a large extent, which could be enhanced with more far-reaching complementary reforms. The reforms proposed in the recovery and resilience plan are expected to contribute to*

[18] Belgian RRP, nt. (3), 470–489.
[19] Belgian RRP, nt. (3), 454–464.
[20] Belgian RRP, nt. (3), 464–465.
[21] Belgian RRP, nt. (3), 427–430.
[22] Belgian RRP, nt. (3), 430–437.
[23] Belgian RRP, nt. (3), 437–463.
[24] Belgian RRP, nt. (3), 465–470.

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addressing key economic challenges and impact on institutions and policies in a lasting manner. However, as some of the reforms are described in rather general terms in the plan, it is difficult to anticipate their full effects in the long run.' Furthermore, '*the plan displays a mostly coherent set of reforms and investments. However, it could have better exploited the potential of some of the investments through more far-reaching complementary reforms and in some instances, measures could have been more coherent and mutually-reinforcing*'.[25]

The Commission's assessment is that the plan will contribute effectively to strengthening Belgium's growth potential, job creation, and economic, social and institutional resilience, but also that the direct impact on job creation could have been enhanced with more ambitious reforms.[26] More positively, according to the Commission the plan is expected to help address skills mismatches by strengthening the education and training systems. The focus on improving digital skills and fostering access to the labour market for vulnerable groups is expected to have a positive impact on employment.[27] The Commission further praises the temporary measures to cushion the impact of Covid-19 (such as temporary unemployment mechanisms) and points out the strong demand for skilled labour and the lack of skilled workers.[28]

Finally, the Commission criticises the lack of territorial cohesion between the regional social policy measures and describes the pension reform plan as insufficiently precise. For the rest, the focus and content of the proposed social policy measures are assessed positively.[29] Therefore, the Commission endorsed Belgium's RRP in June 2021,[30] followed by the Council. [31] Regarding the social measures, the decision states that:

"*The plan also includes reforms and investments that address long-lasting labour market challenges. These include measures to promote more effective active labour market policies, to improve labour market performance and to tackle discrimination on the labour market. The plan also includes investments to strengthen social and labour market integration of most vulnerable groups, including people with a migrant background, women, people with disabilities, prisoners and people at risk of digital exclusion. Moreover, investments and reforms included in the plan aim at improving the performance of education systems and reducing skills shortages through training and activation in view of addressing current and future needs of the labour market, with a particular focus on digital skills.*"[32]

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[25] European Commission, *Analysis of the recovery and resilience plan of Belgium*, 23 June 2021, SWD(2021) 172 final, 1–2 and 4.
[26] European Commission, nt. (25), 3.
[27] European Commission, nt. (25), 3.
[28] European Commission, nt. (25), 10.
[29] European Commission, nt. (25), 47.
[30] European Commission, *Proposal for a Council implementing decision on the approval of the assessment of the recovery and resilience plan for Belgium*, 23 June 2021, COM/2021/349 final; European Commission, *NextGenerationEU: European Commission endorses Belgium's €5.9 billion recovery and resilience plan,* Press Release, Brussels, 23 June 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3147.
[31] Council of the European Union, *Council implementing decision on the approval of the assessment of the recovery and resilience plan for Belgium*, 6 July 2021, 2021/0169/NLE.
[32] Council of the European Union, nt. (31), 15.

3.2 Implementation of the European Pillar of Social Rights and the Social Scoreboard and the impact of Country Specific Recommendations (2019-2020).

The Belgian RRP explicitly takes into consideration the purpose and targets of the European Pillar of Social Rights and explains how the plan will address them.[33]

The target to create more and better jobs is addressed by improving infrastructure and public transport, reforms of the labour market participation strategy (with a focus on the inclusion of vulnerable groups (persons with foreign origins, the low-skilled, persons with disabilities), investing in lifelong learning and shifting taxes away from labour. In order to improve skills and equality, Belgium will improve schools' digital connectivity (internet access, investing in digital infrastructure, digital classes, focussing on digital skills) and invest in schooling and training vulnerable groups. Concerning social protection and inclusion, Belgium intends to invest in social housing, with better energy efficiency and more accessible public transport.

The Commission's analysis states explicitly that the focus on improving digital skills and fostering access to the labour market, especially for vulnerable groups, is expected to have a positive impact on employment and contribute to the implementation of the European Pillar of Social Rights (and the Porto Declaration adopted on 7 May 2020).[34] The analysis also refers to the social scoreboard in relation to this.[35] Belgium is doing relatively well in relation to the social scoreboard, with good or above average scores on most indicators. Concerning the very important indicator of the employment rate, however, Belgium, with 70.6 per cent in 2021, is running behind the EU average of 73.1 per cent and the rates of its neighbouring countries (81.7 per cent in the Netherlands, 79.6 per cent in Germany, 74.1 per cent in Luxembourg and 73.2 per cent in France). Because of the Covid-19 pandemic, the rate has not increased significantly since 2019 (with a steep drop in 2020). Therefore, there can be no surprise that the Commission has qualified the employment rate as 'To watch'.

In 2019, Belgium received the Country Specific Recommendation to 'remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low skilled, older workers and people with a migrant background. Improve the performance and inclusiveness of the education and training systems and address skills mismatches.'[36] In the heavily pandemic-centred Country-Specific Recommendations of 2020, Belgium was told to 'Mitigate the employment and social impact of the crisis, notably by promoting effective active labour market measures and fostering skills development.'[37]

[33] Belgian RRP, nt. (3), 28–31.
[34] European Commission, nt. (25), 47, 53, 55; Council of the European Union, nt. (31), 22.
[35] European Commission, nt. (25), 53, 55–56; Council of the European Union, nt. (31), 22.
[36] European Commission, *Recommendation for a Council recommendation on the 2019 National Reform Programme of Belgium and delivering a Council opinion on the 2019 Stability Programme of Belgium*, 5 June 2019, COM(2019) 501 final, 1–8, recommendation 2.
[37] Council of the European Union, *Council recommendation on the 2020 National Reform Programme of Belgium and delivering a Council opinion on the 2020 Stability Programme of Belgium*, 28 August 2020, 2020/C 282/01, 1–7, recommendation 2; Rainone S., *An overview of the 2020–2021 country-specific recommendations (CSRs) in the social field. The impact of Covid-19*, Background Analysis 2020.01, ETUI, Brussels, 34–35.

The Commission and Council think that the proposed social policy measures in the RRP indeed encompass reforms and measures that may effectively improve labour market participation and foster skills development.[38] Therefore, the Belgian RRP has adequately considered the 2019 and 2020 CSRs.

4. Lessons from the previous crisis.

Belgium faced an Excessive Deficit Procedure until 2014 and therefore is very familiar with the threat of the Stability and Growth Pact and economic governance in general. However, the Covid-19 pandemic and other current difficulties have not led to similar austerity policies and recommendations.

4.1 Impact of economic governance.

Belgium was not targeted by any In-Depth Review under the Macroeconomic Imbalance Procedure, but it was mentioned in the Report of the Commission of 23 May 2022 in the context of the Excessive Deficit Procedure (Art 126 TFEU). Belgium's budgetary deficit did not meet the –3 per cent (of GDP) debt criterion, with, respectively, –9 per cent and –5.5 per cent in 2020 and 2021 and an expected deficit of, respectively, –5.0 per cent and –4.4 per cent in 2022 and 2023. Given the exceptional circumstances (Covid-19 and the war in Ukraine) and the expectation that the criterion will be respected in 2025 (although this estimation does not take into account the consequences of the war in Ukraine), the Commission has decided not to start an excessive deficit procedure yet. [39] Of course, this is linked to the fact that the general escape clause of the Stability and Growth Pact is still activated and the strict application of the fiscal rules has been postponed by another year to 2024.[40] According to the Commission, complying with the debt reduction benchmark would entail too demanding a frontloaded fiscal effort that risks jeopardising growth.

The first Country Specific Recommendation of 2022 (as recommended by the Commission) focuses on rebalancing expenditure and limiting debt. In this regard the Commission recommends that Belgium prioritise reforms to improve the fiscal sustainability of long-term care, including by promoting a cost efficient use of different care settings. This means reform to tackle the rising costs of ageing-related spending. This includes the much-awaited reform of the pension system, but also pursuit of a more cost-efficient form of care

[38] Council of the European Union, *Council implementing decision on the approval of the assessment of the recovery and resilience plan for Belgium*, 6 July 2021, 2021/0168/NLE, 10, 13, 22.
[39] European Commission, *Report prepared in accordance with article 126(3) TFEU*, 23 May 2022, COM (2022) 630 final.
[40] European Commission, *Fiscal Policy Guidance for 2023*, 2 March 2022, COM (2022) 85 final.

for the elderly, notably to avoid or delay unnecessary or premature institutionalisation.[41] Next, the Commission also called for reform of the tax and benefit systems to reduce disincentives to work by shifting the tax burden away from labour and by simplifying the tax and benefit system.[42] The high taxation on labour weakens labour market participation. The Commission also stated that beyond the challenges addressed by the RRP, Belgium faces a number of additional problems related to its labour market and education system.[43] The record high job vacancy rate in Belgium indicates that employers are finding it increasingly difficult to hire employees with the right skills. According to the Commission, this results from the lack of students choosing to pursue an education in STEM subjects (science, technology, engineering and mathematics) and the low participation in adult learning, in particular among the low-educated, for whom upskilling could offer better employment opportunities. As noted, the Recovery and Resilience Plan includes several measures to cope with this challenge, but the Commission does not think that they will be sufficient. In order to tackle skills mismatches, the education and training system should be made more inclusive. In any case, the 2022 Country Specific Recommendations are certainly not as intrusive as those received during the financial and economic crisis when the Commission was, among other things, pushing for a decentralisation of collective bargaining and further restrictions on wage negotiations between the social partners.[44]

4.2 Domestic political impact of social partner involvement.

As the government has had to redirect a large portion of its budget to cope with exceptional measures in relation to the Covid-19 crisis (additional resources for health care, vaccinations, temporary unemployment benefits, support for SMEs and bigger companies) the financial assistance draw from the NextGenerationEU plan (although mainly in the form of a loan) has avoided an acute budgetary crisis and a situation in which any new government investments would become impossible. Certainly, NGEU has avoided some political tensions and although there were discussions in Belgium the distribution of the funds among federal entities went surprisingly smoothly.

In early 2021, the national social partners, grouped in the National Labour Council, made two recommendations, together with the Central Council for the Economy and the Federal Council for Sustainable Development, on Belgium's draft RRP.[45] In them, the National

[41] European Commission, *Recommendation for a Council recommendation on the 2022 National Reform Programme of Belgium and delivering a Council opinion on the 2022 Stability Programme of Belgium*, 23 May 2022, COM (2022) 602 final, consideration 20 and recommendation 1.
[42] European Commission, nt. (41), consideration 21 and recommendation 1.
[43] European Commission, nt. (41), consideration 24–25 and recommendation 3.
[44] Pecinovsky P., *EU economic governance en het recht op collectief onderhandelen. Een juridisch onderzoek naar de problematische verhouding van het Europese economische beleid en de sociale grondrechten*, die Keure, Bruges, 2019.
[45] Conseil National du Travail, Conseil central de l'Economie et le Conseil fédéral du Développement durable, *Avis d'initiative relatif au plan pour la reprise et la résilience – volet « projets d'investissements »*, CCE 2021-0760, CNT 2.205, 23 May 2021, https://www.ccecrb.fgov.be/dpics/fichiers/2021-03-25-04-24-18_doc210760fr.pdf; Conseil National du Travail, Conseil central de l'Economie et le Conseil fédéral du Développement durable,

Labour Council, together with the other councils, made unanimously adopted remarks and feedback. It is unclear what the impact of these two recommendations (dating from 23 March 2021 and 2 April 2021, respectively) was on the final plan as submitted on 30 April 2021. The proximity of those dates suggests that the social partners did not have a real possibility of becoming effectively involved/engaged in the elaboration of the RRP. In any case, the social partners are mentioned 69 times in the RRP and they normally will be asked to give their advice on every legal reform when implementing the social aspects of the RRP, as confirmed by the RRP (but which is the normal procedure). In some cases, the social partners are invited to engage actively in implementation, for example, by starting collective bargaining with each other or social dialogue with the government. At least on paper, the government seems willing to seriously involve the social partners. However, in practice we notice that the government is currently failing to do so concerning the main labour reforms of 2022, which is causing political problems (and reforms without the necessary support). These reforms are included in the so-called 'Labour deal' and are set to be approved in parliament in summer 2022. The reforms concern, among other things, the introduction of a four-day work week option, the facilitation of night work in the e-commerce sector, a legal presumption of an employment relationship for platform workers, the right to disconnect for employees, a 7 seven-day notice period for flexible work schemes, transition projects to other jobs and the right to training days for employees.[46]

5. Final considerations.

As the Belgian budget deficit is extending far beyond the debt criterion of –3 per cent of GDP and the national debt is rising, the debate regarding austerity measures is never far away. However, as long as the Commission is flexible with the rules of the Stability and Growth Pact and does not start an Excessive Deficit Procedure, the governing parties will not be too worried. Thanks to the RRP budget, they can focus on some new investments that support the economy. But with the current inflation, the war in Ukraine, the possible return of the pandemic, and economic difficulties in China and the United States, a new recession is looming and the financial markets seem to be becoming more conservative (as interest rates are again rising). The N-VA, which is the biggest political party in opposition at the federal level but dominates the majority coalition in Flanders, seems to be eager for stricter budgetary discipline. The discussions on pension system reform were always going to be extremely difficult, but in this economic climate, it could have turned into a nightmare for all parties as the future increase in costs will have a major impact on the state budget. Especially the French-speaking socialist party PS was not eager to take strict measures, as they fear the political impact of such reforms on their voters. Right before the summer recess of 2022 the coalition majority of the federal government reached a pensions deal. However,

Avis d'initiative relatif au plan pour la reprise et la résilience – volet «réformes structurelles», CCE 2021-0900, CNT 2.212, 2 April 2022, https://www.ccecrb.fgov.be/dpics/fichiers/2021-04-13-11-43-41_doc210900fr.pdf.

[46] At the time of publication, the act had not yet been finally approved.

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the outcome was far from ambitious and includes mainly fairly small adjustments, such as the condition of 20 years of effective employment to access the right to a minimum pension and the return of a pension bonus for people who choose to keep on working after reaching the retirement age (this system was abolished by a previous government). A third important aspect is a pension increase for people employed part-time for an objective reason (for example, taking care of children). These minor adjustments do not help to strengthen the pension system against the expected increase in financial costs. In any case, these reforms will not satisfy the expectations of the EU Commission. Therefore, the government will have to continue to work on future pension reforms.

At the time of the introduction of the national RRP and its approval by the Commission, the economic outlook was fairly positive. The Covid-19 pandemic was not expected to have a long-term impact and no one was expecting the invasion of Ukraine or a real danger of a new recession. The RRP therefore seems a tool based on good intentions and more directed toward investment. In general, the focus of the Belgian RRP is mainly on the green transition and digitalisation. The social aspects are of only secondary importance. Most social measures are rather soft and do not include incursions on social rights or cuts in benefits. Only the proposed pension system reform could turn into an austerity policy, but the government has remained very vague on this topic (to the frustration of the Commission) as the government is very far from reaching any political consensus on this topic. We see that the Country Specific Recommendations of 2022 are still relatively soft compared with the recommendations made during the previous crisis, but the increasing budget deficit is also clearly starting to worry the Commission. However, the von der Leyen Commission is not the Barroso Commission and has shown a repeated willingness to strive towards the implementation of the European Pillar of Social Rights. It is perfectly believable that this Commission will want to avoid a repetition of the austerity measures of the financial and economic crisis. The question is, whether they can resist pressures from the financial markets and the fiscal hawks within the Member States and institutions.