

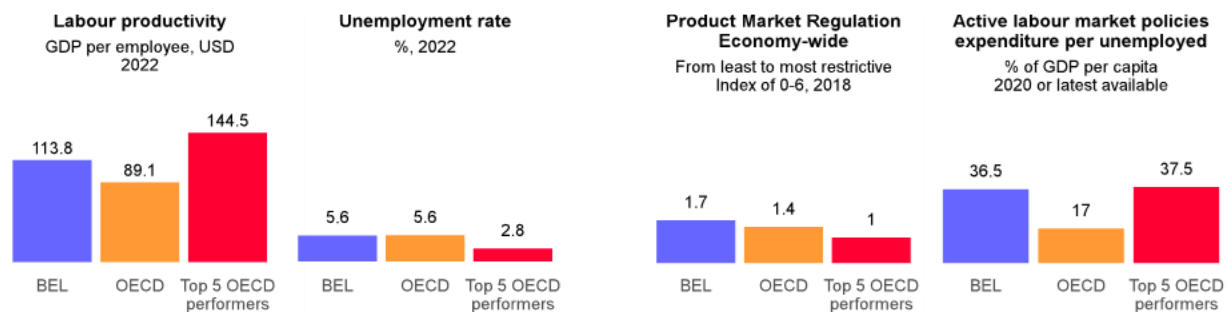


Performance gaps

Recommendations

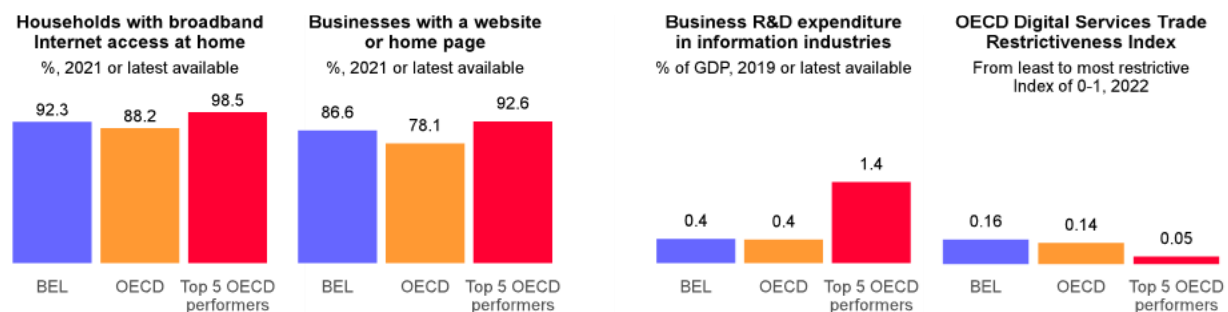
Product and labour markets functioning

- The wage-setting mechanism contributes to low wage inequality but risks hindering job reallocation, thereby lowering productivity growth.
- Automatic wage indexation preserves purchasing power but raises wages faster than in trading partners, weighing on competitiveness in the short run when inflation is high.
- Encourage the use of existing mechanisms within the framework of sector-level agreements to better align wages with productivity at the firm level.
- Make the wage indexation mechanisms more flexible, while ensuring coordination if future evaluations find they fail to take into account the business cycle.



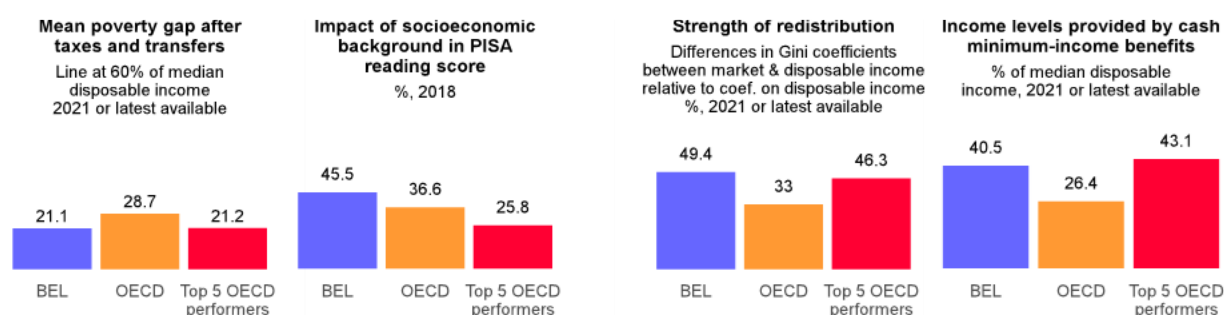
Digital transition

- Firms use digital technologies intensively, but the low share of fibre connections and delayed roll-out of 5G limit future adoption. High broadband prices and market concentration could reflect weak competition in the communication sector.
- There is scope to digitalise the public sector further.
- Remove the barriers that can delay broadband network and 5G deployment, including strict limits on electromagnetic fields and slow delivery of permits.
- Facilitate consumer mobility across service providers.
- Prioritise providing the public sector with digital skills to better use and develop digital tools. Promote coherence of digital strategies across different levels of government.



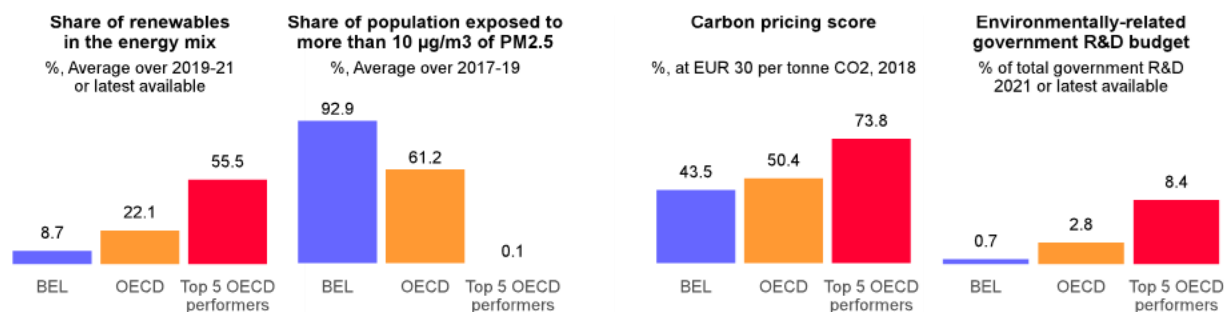
Inclusiveness, social protection, and ageing

- Belgian students' overall performance is on par with peer countries, but individuals' achievements strongly depend on their socio-economic backgrounds.
- Participation in lifelong learning is limited for the low educated, low-income groups and those with disabilities, accounting in part for low employment rates and labour mobility.
- Improve teachers' incentives to work in disadvantaged schools. Better link school funding with educational outcomes for disadvantaged students.
- Streamline lifelong learning programmes and prioritise vulnerable groups for face-to-face career guidance.

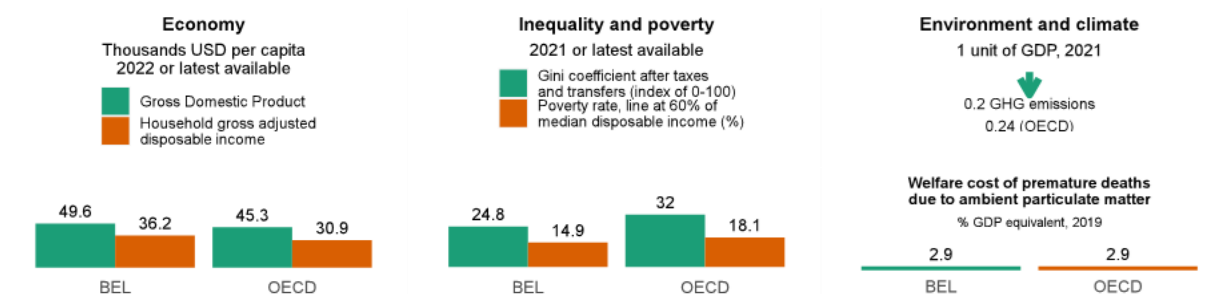


Climate transition

- Belgium makes no use of explicit carbon taxation beyond the EU Emissions Trading System. Fossil-fuel consumption is encouraged by moderate taxation and widespread subsidies.
- The coherence of regional and federal policies in the national energy and climate plan can be improved substantially.
- Introduce a carbon tax for sectors not subject to the EU Emission Trading Scheme and develop compensatory measures for vulnerable households.
- Present an integrated national overview of the federal and regional climate plans and define how efforts to reach the 2030 climate objectives should be shared.



Overall performance





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