

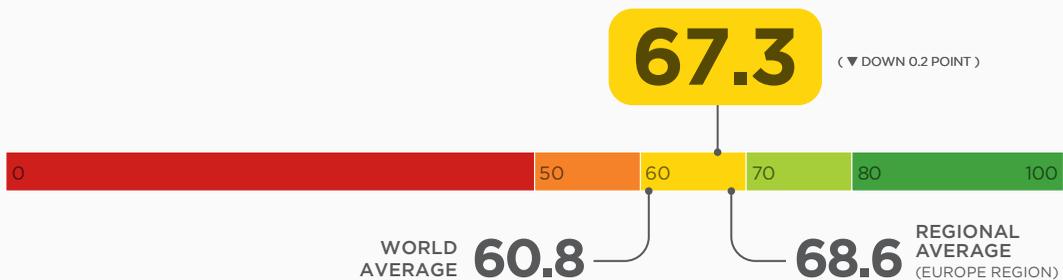
# BELGIUM



Belgium's economic freedom score is 67.3, making its economy the 48th freest in the 2019 *Index*. Its overall score has decreased by 0.2 point, precipitated by sharp drops in **judicial effectiveness** and **monetary freedom** that are not totally offset by improvements in **fiscal health**, **tax burden**, and **government spending**. Belgium is ranked 25th among 44 countries in the Europe region, and its overall score is below the regional average but well above the world average.

Generally friendly to free-market competition, Belgium's well-diversified economy, based on transport, services, manufacturing, and high technology, has long benefited from openness to global trade and investment. The government has passed measures to implement its reformist agenda to increase competitiveness, reduce the tax burden, and improve public finances, along with changes in labor market rules and welfare benefits. These changes have generally made Belgian wages more competitive regionally but risk worsening tensions with trade unions and triggering extended strikes.

## ECONOMIC FREEDOM SCORE

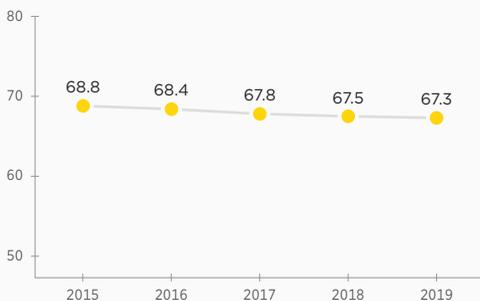


**RELATIVE STRENGTHS:**  
Trade Freedom and Investment Freedom

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996):**  
+1.3

**CONCERNS:**  
Government Spending and Tax Burden

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
11.4 million

**GDP (PPP):**  
\$528.5 billion  
1.7% growth in 2017  
5-year compound annual growth 1.2%  
\$46,553 per Capita

**UNEMPLOYMENT:**  
7.1%

**INFLATION (CPI):**  
2.2%

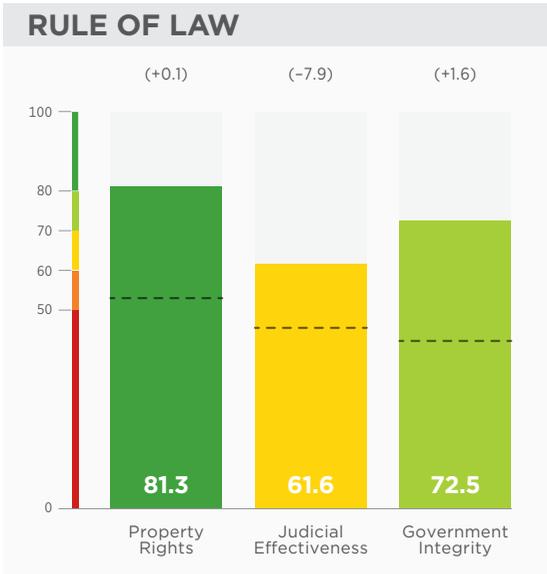
**FDI INFLOW:**  
\$740.4 million

**PUBLIC DEBT:**  
103.2% of GDP

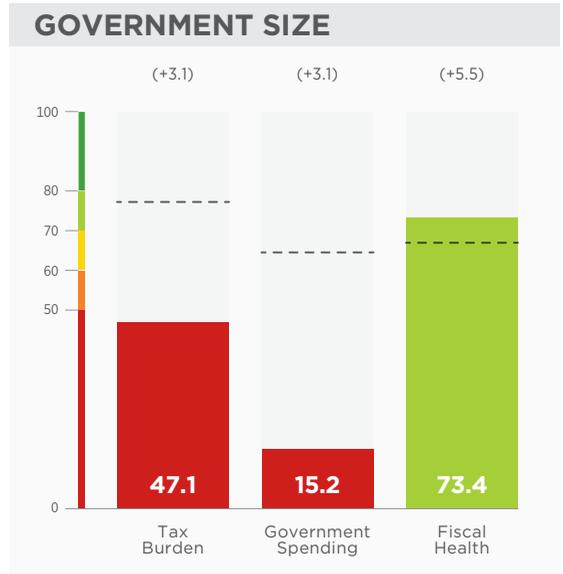
2017 data unless otherwise noted. Data compiled as of September 2018

**BACKGROUND:** Belgium is a federal state with three culturally different regions: Flanders, Wallonia, and the capital city of Brussels, which hosts the headquarters of NATO and the European Union. The center-right New Flemish Alliance formed a coalition government in 2014, and Charles Michel of the liberal francophone Reformist Movement Party became the country's youngest prime minister since 1845. Neighboring countries have a strong political and economic impact on Belgium. The services sector accounts for a large portion of GDP in the export-driven economy. Belgium boasts a dense network of rails and roadways and Europe's second-busiest port, Antwerp. The vital tourism industry recovered well in 2017 after high-profile terrorist attacks, but terrorism remains a significant security challenge.

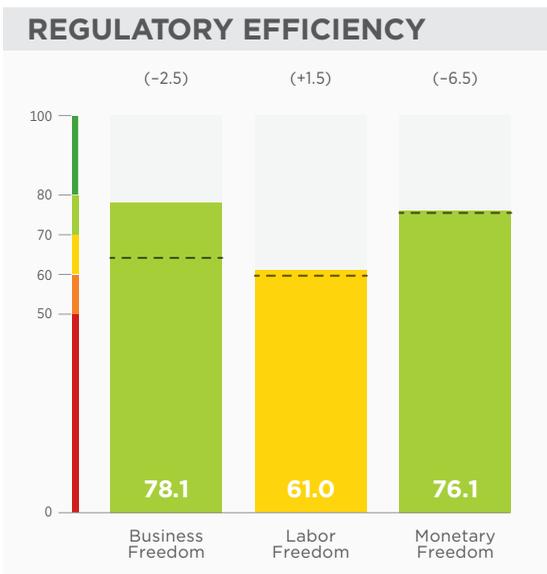
# 12 ECONOMIC FREEDOMS | BELGIUM



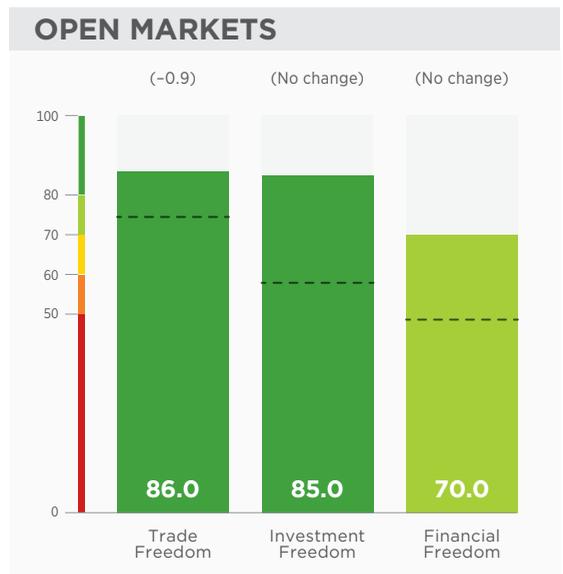
Property rights are well protected by law, but enforcement actions to protect intellectual property rights can be protracted. Laws are well codified, and the independent judicial system functions professionally, albeit under a growing backlog of cases. Corruption is relatively rare in Belgium, although the government's Central Service for Combatting Corruption is insufficiently staffed. The government prohibits and punishes bribery.



The top income tax rate is 50 percent, and the top corporate tax rate is 29 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 44.2 percent of total domestic income. Over the past three years, government spending has amounted to 53.2 percent of the country's output (GDP), and budget deficits have averaged 2.0 percent of GDP. Public debt is equivalent to 103.2 percent of GDP.



The overall regulatory environment is efficient and transparent. The cost of establishing a company is relatively modest, and starting a business is a relatively quick process. Employment regulations have gradually become less burdensome, but the nonsalary cost of hiring a worker remains high. Belgium's Energy Minister plans to grant subsidies to all electricity producers as a part of efforts to increase non-nuclear thermal power production.



The combined value of exports and imports is equal to 169.4 percent of GDP. The average applied tariff rate is 2.0 percent. Belgium implements a number of EU-directed nontariff trade barriers including technical and product-specific regulations, subsidies, and quotas. The banking sector has recovered its resilience over the past years, and the number of nonperforming loans remains low.