National Report Belgium, Ceemet IER Committee, June 2025

Economic situation

Global economic growth is currently being slowed down by US trade policy but should pick up slightly after 2026. The development of the Belgian economy is also being influenced by new national and European policies. In the period 2025-2027, growth in Belgium is expected to fluctuate around 1%. We can certainly call this slow business cycle, but it still seems that we can avoid an economic recession in the coming months and years. In the period after that (2025-2028), growth could return to the historical average of 1.5%.

Inflation is expected to fall below 2%, although it will temporarily rise in 2027 as a result of the introduction of the new European emissions trading system. Due to the (trade) policy of US President, the markets expect falling international demand in the coming 2 years. This puts downward pressure on oil prices, which consequently leads to lower inflation in Europe (and especially in Belgium).

During the period 2025-2027, employment will increase by approximately 100.000 people. In the period 2028-2030, this would be increased by another 163.000 people. A large part of this increase will be in the older working population.

The government deficit amounts to 5.4% of GDP in 2025. Without additional measures, this figure will remain almost stable until 2028, after which it will slowly increase to 6.5% in 2030. Government debt is expected to reach around 120% of GDP in 2030.

Despite the government's structural reforms, government finances remain the Achilles heel of our economy. Disappointing economic growth and the additional efforts required to bring our defence spending to 2% of GDP in the context of our NATO commitments are the two main driving forces behind this deterioration.

Political situation

Just before summer of 2024, we had European, federal and regional elections. In January, a federal government was formed consisting of a coalition of 5 parties with fairly different ideologies (3 Dutch-speaking and 2 French-speaking parties). The coalition agreement contains several solid socio-economic reforms that are aimed to boost the economy on the one hand, but also making government finances healthier on the other. A strong economic policy is nevertheless hampered by the very difficult government finances.

The government has also handed over a few important dossiers to social bargaining, initially at interprofessional level. For example, the social partners are asked to propose a reform of wage indexation and wage competition law by the end of 2026, to make stronger agreements on compliance with social peace (Gentlemen's Agreement) and to simplify the organisation of the joint committees.

Sectoral bargaining

The wage negotiations in Belgium are strongly framed by a wage competition law (1996). This law provides that a wage norm must be determined that takes into account the expected wage indexation in Belgium and the expected wage cost evolution in our 3 neighbouring countries (i.e. our main trading partners). The economic calculations indicate that there is no room for wage increases in addition to the automatic wage indexation for the period 2025-2026. The wage norm must be decided by interprofessional social partners, otherwise by the government. After months of discussions, the social partners have informed the government that they are unable to reach an agreement. This means that it is now up to the government to establish the wage norm, which should happen shortly. Possibly, an opening will be created by raising the fiscal threshold for meal vouchers.

The sectoral agreements for 2023-2024 expired at the end of last year. The consequence of the fact that no wage norm has yet been determined is that negotiations in the sectors and/or companies will not take place until the autumn. These negotiations not only concern wage formation but also themes such as training, labour organisation, jointly managed funds and other more qualitative themes.

Restructuring automotive sector

The automotive sector in Belgium has suffered heavily over the past 12 months. Two high-profile assembly companies (Van Hool (buses and trailers) and Audi) have ceased their activities, resulting in the loss of approximately 6,000 jobs.

Despite the loss of these two large assembly plants, Belgium remains a strong player in the automotive industry. We still have a number of very strong players such as Volvo Car, Volvo Trucks, DAF Trucks and VDL Bus. In addition, our strength increasingly lies in niches focused on high-quality technological solutions for the mobility of tomorrow, such as research into new technologies, car-specific sensors and chips, software, energy-efficient drive systems, connected cars and autonomous vehicles.

Remote work and the right to disconnect in collective bargaining

Belgian law stipulates that agreements must be made between employers and trade unions on the right to disconnect at sectoral or company level. At sectoral level, we have chosen to leave the initiative for this a priori to the companies. Only later, in 2023, we did conclude a suppletive sectoral CA (only applicable if the company itself has not made any agreements). This agreement provides for a few general principles such as the right to be unreachable (except in exceptional cases and in the event of unforeseen necessities), the way in which managers must deal with this, the way in which digital tools are used, awareness-raising and problem solving.

Twin transition: social partner's initiative

There are no current initiatives among the social partners on the theme of the twin transition.