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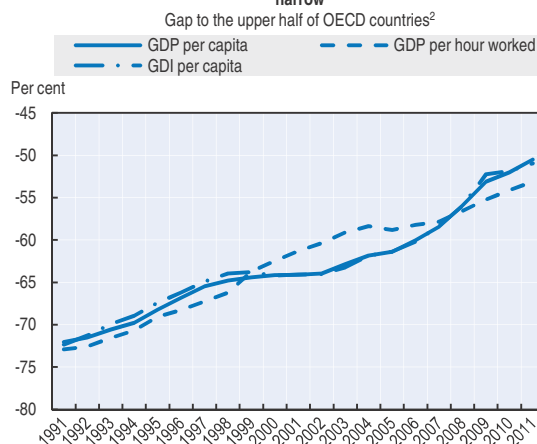
- GDP per capita has been converging steadily towards the upper half of the OECD countries due to strong labour productivity growth and improved labour utilisation. But the shortfall relative to the best-performing countries remains substantial, chiefly because of a large labour productivity gap and the low employment rate of older workers.
- Some progress has been achieved in reducing public ownership, cutting red tape for businesses, upgrading the transport infrastructure and improving pre-school education. By contrast, previous cuts in the tax wedge and closing of early retirement schemes have been partially reversed recently, though the retirement age was increased in 2012.
- Further reducing public involvement in the economy and easing regulation of professional services would enhance productivity via increased competition and reduced inefficiencies. Lowering the tax wedge and tightening eligibility criteria for early retirement and disability pension schemes would raise employment. Continuing to enhance the transport and telecommunication infrastructure would reduce transactions costs.
- In addition to boosting productivity and female labour force participation, improving the provision of pre-school education would also reduce inequality in educational attainments and earnings.

Growth performance indicators

A. Average annual trend growth rates


		Per cent	
		2001-06	2006-11
Potential GDP per capita		3.4	3.7
Potential labour utilisation		0.2	1.0
of which:	Labour force participation rate	-0.5	0.2
	Employment rate ¹	0.7	0.8
Potential labour productivity		3.1	2.6
of which:	Capital intensity	0.8	1.0
	Labour efficiency	2.0	1.4
Human capital		0.3	0.2

B. The large gaps in GDP per capita and productivity continue to narrow



1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

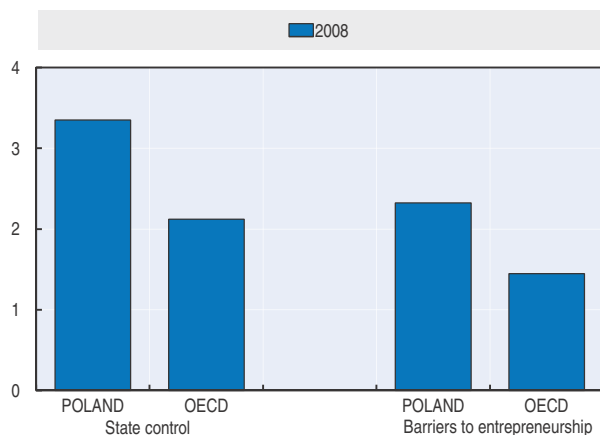
Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

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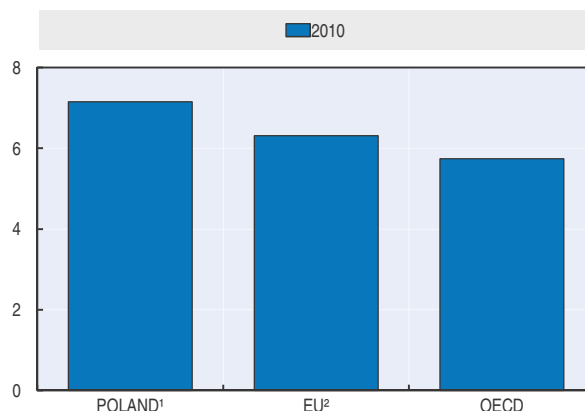
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Policy indicators

A. State control and barriers to competition are comparatively high
Index scale of 0-6 from least to most restrictive




B. The share of population receiving disability benefits is high
Percentage of the population aged 20-64



1. 2007 data.

2. Average of 21 EU countries members of the OECD.

Source: OECD, Product Market Regulation Database and OECD (2013), *Mental Health and Work: Belgium* (forthcoming).

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Identifying Going for Growth 2013 priorities

Priorities supported by indicators

Reduce public ownership and lower barriers to product market competition. The state still plays an important role in the economy and starting a business remains burdensome.

Actions taken: A privatisation programme was pursued in 2011 yielding proceeds of 1% of GDP and is expected to raise cumulative revenues of more than 1% of GDP in 2012-14. Business registration procedures, in particular information requirements, were simplified in 2011.

Recommendations: Reduce public ownership in the competitive segments of network industries, in financial institutions, airport operators, and in mining and chemical companies. Reduce registration time and the administrative burden for companies. Ease regulation of professional services.

Reduce labour taxes and reform the welfare system. The tax wedge on labour income is higher than the OECD average, disability schemes cover a considerable part of the population, and early retirement is likely to become more common.

Actions taken: The rise in disability pension contributions and the nominal freeze of the tax brackets increased the tax wedge in 2012. The 2012 pension reform has raised the statutory retirement age to 67 and reduced pension privileges for uniformed services but has opened up new possibilities for potentially generous early retirement at 62 for women and 65 for men.

Recommendations: Reduce the tax wedge on labour income in a budget-neutral way by shifting the tax burden to green and property taxes. Eliminate generous early retirement schemes, integrate uniformed services, judges and miners into the general system, and

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reform the social security system for farmers. Restrict disability pensions to the truly disabled.

Upgrade transport, communication and energy infrastructure. The quality of transport infrastructure and fixed broadband penetration are among the lowest in the OECD, and electricity generation relies heavily on ageing coal-fired plants.

Actions taken: Transport infrastructure is being upgraded with the help of EU funds.

Recommendations: Enhance transport and communication infrastructure. Facilitate competition in telecommunications and energy generation. Increase the responsiveness to the price signal from the EU-ETS for investment in generation capacity to reduce greenhouse gas abatement costs.

Other key priorities

Improve equity and efficiency of the education system. The number of places in pre-school childcare facilities is insufficient, public higher-education institutions (HEI) have little financial autonomy, and access to student loans is restricted.

Actions taken: Pre-school education for 5 year-olds became compulsory in 2011.

Recommendations: Improve provision of pre-school education. Introduce tuition fees in public HEIs along with a more accessible system of means-tested grants and student loans with income-contingent repayment. Reinforce quality assessment, strengthen HEI autonomy and make promotion criteria for professors more transparent.

Reform housing policies. The housing market suffers from the absence of zoning plans and a large informal rental market.

Actions taken: A new law sets forth the principles of procedures involving the financial resources of buyers in the event of bankruptcy of the developer.

Recommendations: Make the release of zoning plans by municipalities mandatory, introduce compulsory escrow accounts to protect buyers' advances, and further relax rent controls. Remove fiscal incentives (reduced value-added tax rate) supporting the residential sector.

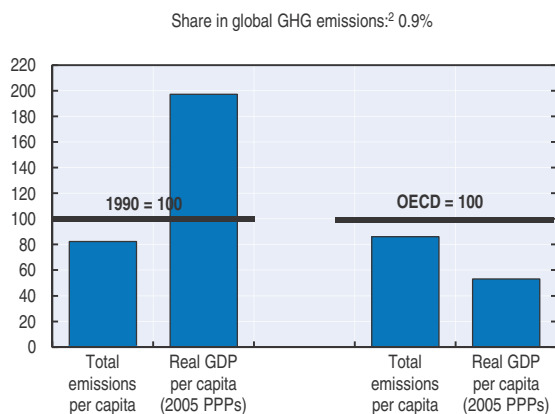
Previous Going for Growth recommendations no longer considered a priority

For this country, all 2011 *Going for Growth* recommendations remain as priorities.

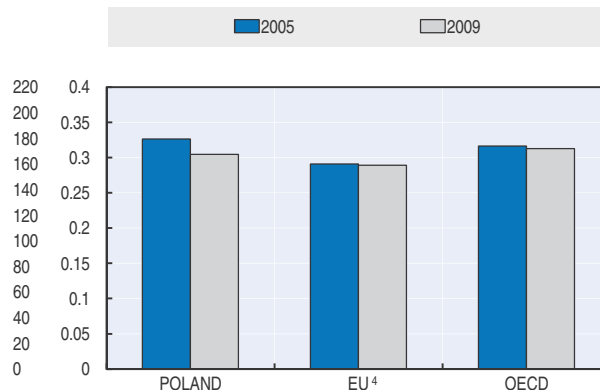
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Other dimensions of well-being: Performance indicators

A. Emissions per capita are below the 1990 level
Average 2006-10¹




B. Income inequality³ has decreased
Gini coefficient



1. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equalised household disposable income for total population.
4. Average of 21 EU countries members of the OECD.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, Energy (IEA) Database and OECD Income Distribution Database, provisional data (www.oecd.org/social/inequality.htm).

StatLink  <http://dx.doi.org/10.1787/888932777530>