

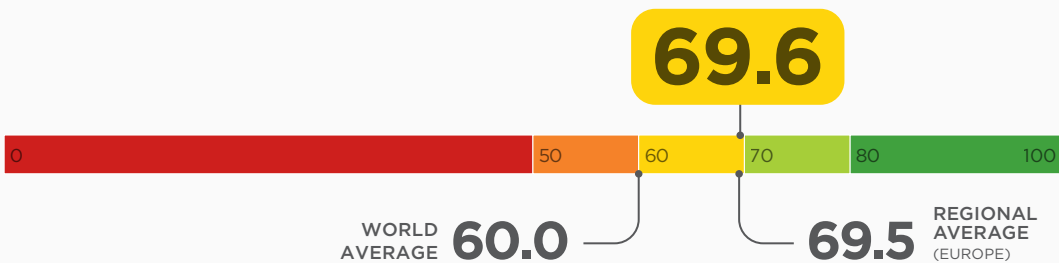
BELGIUM

Belgium's economic freedom score is 69.6, making its economy the 37th freest in the 2022 *Index*. Belgium is ranked 24th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Belgium's economy was growing before the pandemic and rebounded in 2021, leaving GDP approximately where it was in 2017. Economic freedom has improved over the five-year period. With score increases in **property rights** and **judicial effectiveness** outpacing decreases in **labor freedom** and **trade freedom**, Belgium has recorded a 1.8-point overall gain of economic freedom since 2017 and is at the top of the "Moderately Free" category. Rule of law is strong, but **government spending** and **tax burden** scores are far below average.

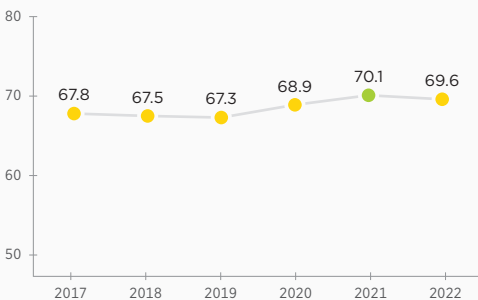
IMPACT OF COVID-19: As of December 1, 2021, 27,072 deaths had been attributed to the pandemic in Belgium, and the government's response to the crisis ranked 41st among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.6 million

GDP (PPP):
\$588.8 billion
-6.4% growth
in 2020
5-year compound
annual growth 0.0%
\$51,096 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
0.4%

FDI INFLOW:
\$8.4 billion

PUBLIC DEBT:
115.0% of GDP

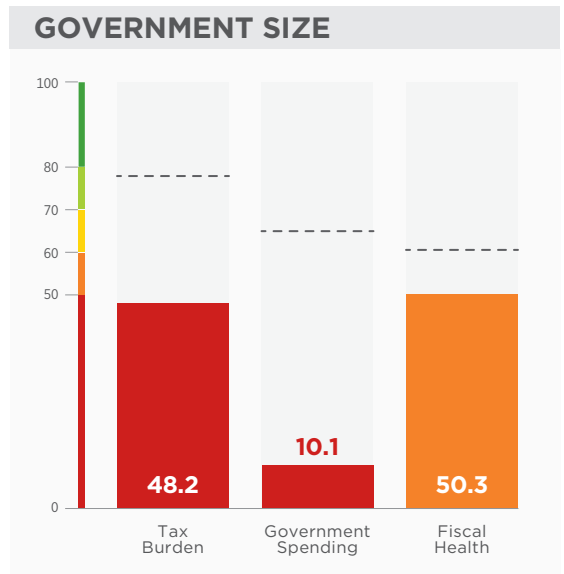
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Belgium is a federal state with three culturally distinct regions: Flanders, Wallonia, and the capital city of Brussels, which hosts the headquarters of NATO and the European Union. After 16 months of political uncertainty, Alexander De Croo of the classically liberal Open Flemish Liberals and Democrats became prime minister in October 2020 at the head of a seven-party coalition. 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. China's growing presence in the nation's poorer Wallonia region through a Chinese retailer's massive new logistics hub has sparked some concerns.

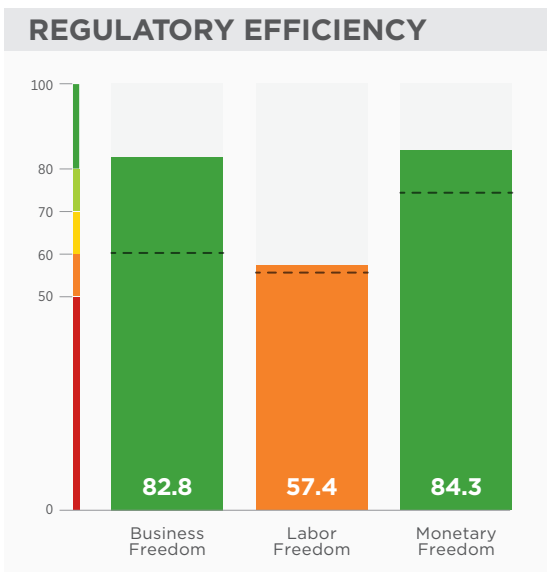
12 ECONOMIC FREEDOMS | BELGIUM



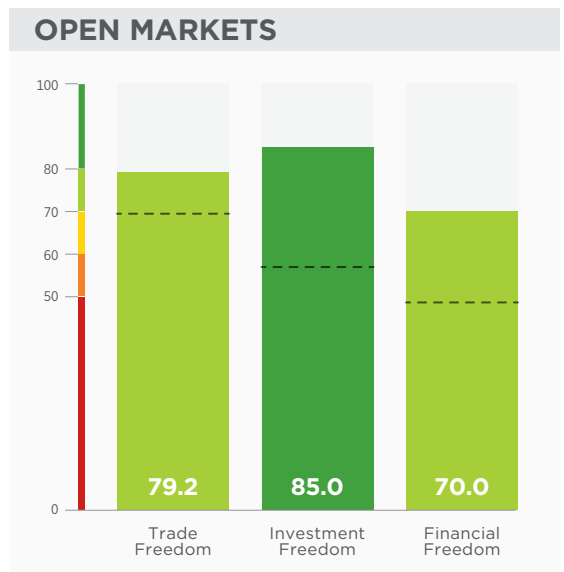
Property rights are well protected by law, and their enforcement by independent courts is considered effective. Property registration, however, can be cumbersome. Belgium generally meets very high standards for the protection of intellectual property rights. The judiciary is independent both by law and in practice, and court rulings are duly enforced by other state entities. Public officials face heavy fines and prison for corruption-related offenses.



The top individual 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 42.9 percent of total domestic income. Government spending has amounted to 54.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.3 percent of GDP. Public debt is equivalent to 115.0 percent of GDP.



Business regulations are generally transparent and evenly enforced, but business registration is bureaucratic. The government of Belgium is trying to streamline business administration and reduce the tax burden. The labor market is fragmented, and the unemployment rate varies significantly by region. The government has increased subsidies for the health care, transportation, and energy sectors.



As a member of the EU, Belgium has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The investment regime is largely open, and government policies do not interfere significantly with foreign investment. The financial sector remains vibrant and generally free from government involvement.