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March 25, 2020

Joint Green Statement from Ms. Mahasandana, Mr. Mahyuddin, Mr. Tanaka, Mr. Chikada, and Mr. Shimada on Belgium—Staff Report for the 2020 Article IV Consultation (SM/20/69)

We would like to express our deepest condolences to the Belgium people for the loss of lives by the COVID-19 pandemic. Even though the uncertainty around the situation is unusually high, we agree with the thrust of staff appraisal, namely the necessity and urgency to focus on the COVID-19 in the near term, and to remain committed to undertake structural reforms as well as fiscal consolidation over the medium to long term. We thus limit our comments to the following points.

We commend the agreement among the Belgium’s political parties to hand special powers to a new Federal government to manage the COVID-19 pandemic. Under the new government, we welcome that the Lower House approved a 1 billion EUR additional expenditure package, as mentioned in the statement by Mr. De Lannoy.

We welcome that the National Bank of Belgium decided to release countercyclical capital buffer to mitigate banking sector’s procyclical action. The released buffer would contribute to ensuring adequate financial intermediation services and help preserve financial stability.

In the medium to long term, fiscal policy needs to be consolidated to build fiscal buffer and carefully address the fiscal sustainability concerns from the aging population pressures. Moreover, it is important for the authorities to implement the necessary reforms to address long standing structural issue that would boost productivity growth.