EIB Group Survey on Investment and Investment Finance Country Overview: Belgium  
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About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of some 12,300 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: http://www.eib.org/eibis.

About this publication
This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

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Disclaimer
The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.
The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of some 12,300 firms that gathers information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and sustainability across all 28 EU Member States.

EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 475 firms in Belgium in 2017 (carried out between April and August).

### Key results

<table>
<thead>
<tr>
<th>Macroeconomic context</th>
<th>Aggregate investment is improving, driven primarily by the corporate and government sectors. Investment spending climbed marginally above its pre-crisis peak level in 2008, even though investment in the household sector and in ‘dwellings’ and ‘Machinery and equipment’ is still lagging.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment outlook</td>
<td>More firms increased than reduced investment in the last financial year, with the share investing exceeding expectations. This positive outlook is expected to continue.</td>
</tr>
<tr>
<td>Investment activity</td>
<td>88% of firms invested in the last financial year, with an intensity (investment per employee) equal to the previous wave. The proportion that invested is slightly higher than the EU average (84% in both waves).</td>
</tr>
<tr>
<td>Perceived investment gap</td>
<td>16% of firms report investing too little over the last three years, whilst 80% of firms believe their investment over the last three years was about the right amount. Firms rate 40% of the machinery and equipment ‘state-of-the-art’ and 345 of buildings as meeting high energy efficiency standards, slightly lower than the EU. They invest 40% in intangibles and some 37% innovated in the last financial year.</td>
</tr>
<tr>
<td>Investment barriers</td>
<td>Availability of skilled staff, uncertainty about the future and business regulations are perceived as the main barriers to investment. Close to three-quarters of firms (74%) consider the availability of skilled staff as a barrier to investment, in line with the EU average (72%).</td>
</tr>
<tr>
<td>External finance</td>
<td>Five per cent of firms are finance constrained, in line with the EU average (7%). This is the proportion of firms dissatisfied with the amount of finance obtained, sought finance but did not receive it, did not seek finance because they thought borrowing costs were too high or they would be turned down.</td>
</tr>
<tr>
<td>Firm performance</td>
<td>Firms’ productivity in Belgium is higher compared with the EU benchmark. The manufacturing sector has a relatively high share of firms in the highest productivity class.</td>
</tr>
</tbody>
</table>
INVESTMENT DYNAMICS

INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR

Nearly nine in ten firms in Belgium invested in the last financial year, which is in line with the previous wave and slightly higher than the EU average.

Firms in the manufacturing sector were most likely to invest (96%), and service sector firms least likely (81%).

Firms across sectors presented high heterogeneity in terms of investment intensity with the infrastructure and construction sectors displaying the highest and the lowest intensity, respectively.

*The blue bars indicate the proportion of firms who have invested in the last financial year. A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities. Investment intensity is the median investment per employee of investing firms. Investment intensity is reported in 2015 values (using the Eurostat GFCF deflator).

Base: All firms (excluding don’t know/refused responses).

INVESTMENT CYCLE

The firms’ investment activity places Belgium in the ‘high investment expanding’ quadrant on the investment cycle.

Large firms and manufacturing sector firms present the highest levels of investment in the current financial year and services the lowest levels. All sectors show plans to expand investment.

Base: All firms
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.
The y-axis line crosses x-axis on the EU average for 2016.
INVESTMENT DYNAMICS

EVOLUTION OF INVESTMENT EXPECTATIONS
Investment activity in the last financial year in Belgium increased and exceeded considerably the expectation for investment from the previous wave. This positive outlook is expected to continue in all sectors and especially in services, construction and for larger firms.

Looking ahead, two in five firms (40%) consider replacement of existing buildings and equipment as an investment priority. This share is more than the EU figure (34%).

New products/services and capacity expansion are the next most commonly cited investment priorities for Belgian firms (28% and 25% respectively).

Base: All firms

‘Realised change’ is the share of firms who invested more minus those who invested less; ‘Expected change’ is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

FUTURE INVESTMENT PRIORITIES

Base: All firms (excluding don’t know/refused responses)

Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT, (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?
INVESTMENT FOCUS

INVESTMENT AREAS

Investment in machinery and equipment stand out for their share (42%) compared to the other five investment areas. The pattern is broadly in line with the EU investment trends and across the sectors.

In all sectors investment in intangibles constitute almost 40%, but investment in research and development is highly pronounced in the manufacturing sector (14%).

Share of investment in land, business building and infrastructure is highest in services (30%) and for large firms (24%) in Belgium.

Base: All firms who have invested in the last financial year (excluding don’t know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company’s future earnings?

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR

Replacement of buildings, equipment and IT account for the largest share of investment in the last financial year (50%). This is followed by capacity expansion which made up more than a quarter (28%) of all investment.

Investment in new products or services was highest in the manufacturing and services sectors (17% and 16%, respectively). In construction, replacement of buildings, equipment and IT accounted for a higher than average share of investment (63%).

Base: All firms who have invested in the last financial year (excluding don’t know/refused responses)

Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?
INVESTMENT FOCUS

INNOVATION ACTIVITY

Among all firms in Belgium, almost two in five (37%) developed or introduced new products or services. This includes 10% of firms who claimed their products were new to the global market.

Manufacturing firms were most likely to have introduced new products or services to the global market (19%), with Services and Construction being the least likely sectors to do so.

Base: All firms (excluding don't know/refused responses)
Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

INVESTMENT ABROAD

Nearly one in four firms (22%) in Belgium invested abroad in the last financial year, which was considerably higher the EU average (14%).

This pattern is highly pronounced in manufacturing firms and larger businesses (both 34%) compared to construction firms (7%) and to SMEs (10%).

Base: All firms who invested in the last financial year
Q. In the last financial year, has your company invested in another country?
INVESTMENT NEEDS

PERCEIVED INVESTMENT GAP

Eight in ten firms in Belgium believed their investment over the last three years was about the right amount (80%), while sixteen per cent of firms reported they invested too little. This is in line with the EU average.

Also, the proportion who indicated that they invested too little is in line with that reported across the EU, as a whole (15%).

Infrastructure firms in Belgium are marginally more likely to believe they have invested too little (17%) compared to other sectors.

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY

Half of all firms (50%) in Belgium reported operating at or above full capacity, in line with the EU average (53%) and the previous wave (49%).

The proportion of firms operating at or above capacity varied substantially across the sectors, ranging from 30% for manufacturing firms to 67% for infrastructure firms.

Base: All firms

Full capacity is the maximum capacity attainable under normal conditions e.g. company’s general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?
**INVESTMENT NEEDS**

**SHARE OF STATE OF THE ART MACHINERY AND BUILDING STOCK MEETING HIGH ENERGY EFFICIENCY STANDARDS**

Firms’ average share of state of the art equipment in Belgium is perceived to be 40%, while the share of building stock that satisfies high energy efficiency standards is considered to be 34%. Both proportions are slightly lower than the previous wave and the EU figure.

Perceptions are generally similar across all sectors and between SME and large firms. However, for manufacturing, infrastructure and large firms the difference in perceptions between state of the art machinery and machinery that satisfies high energy efficiency standards is higher compared to the other sectors.

**PUBLIC INVESTMENT PRIORITIES**

Looking ahead, slightly more than one-quarter of Belgian businesses (28%) consider transport infrastructure to be their key public investment priority, followed by professional training and higher education (23%).

Public investment priorities differ, somewhat, across sectors. For example, manufacturing firms are relatively less likely to prioritise investment in ICT infrastructure (3%), but relatively more likely to prioritise investment in energy supply and distribution (17%). By contrast, infrastructure firms are keenest to invest more in transport infrastructure (prioritised by 35%).

Base: All firms

Q. From your business’ perspective, if you had to prioritise one area of public investment for the next 3 years, which one would it be?
DRIVERS AND CONSTRAINTS

SHORT TERM INFLUENCES ON INVESTMENT

More firms expect the political and regulatory situation to deteriorate than improve in the next 12 months, in line with the results for the EU as a whole.

Firms in Belgium are more optimistic about the overall economic climate than the EU average.

*Net balance is the share of firms expecting improvement minus the share of firms expecting a deterioration

**Base: All firms**

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

SHORT TERM INFLUENCES BY SECTOR AND SIZE (NET BALANCE)

All sectors appear to be pessimistic about the political and regulatory climate.

By contrast, firms are more optimistic about the general economic climate, especially in manufacturing, in infrastructure and large businesses.

Construction firms are the most positive about business prospects for the next 12 months.

**Base: All firms**

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?
LONG TERM BARRIERS TO INVESTMENT

Almost three-quarters of firms (74%) consider the availability of skilled staff as a barrier to investment, in line with the EU average, and an increase of 14 percentage points from 60% in the previous wave.

Uncertainty about the future, labour market regulations and business regulations are the next three most commonly cited barriers (by around six in ten firms).

There is great homogeneity across different size and sector of business with respect to their views on the barriers to investment.

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**LONG TERM BARRIERS BY SECTOR AND SIZE**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Demand for products/services</th>
<th>Availability of skilled staff</th>
<th>Energy costs</th>
<th>Digital infrastructure</th>
<th>Labour regulations</th>
<th>Business regulations</th>
<th>Transport infrastructure</th>
<th>Availability of finance</th>
<th>Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>37%</td>
<td>75%</td>
<td>58%</td>
<td>31%</td>
<td>56%</td>
<td>58%</td>
<td>36%</td>
<td>29%</td>
<td>61%</td>
</tr>
<tr>
<td>Construction</td>
<td>28%</td>
<td>72%</td>
<td>53%</td>
<td>31%</td>
<td>60%</td>
<td>60%</td>
<td>36%</td>
<td>39%</td>
<td>59%</td>
</tr>
<tr>
<td>Services</td>
<td>31%</td>
<td>71%</td>
<td>54%</td>
<td>36%</td>
<td>63%</td>
<td>71%</td>
<td>41%</td>
<td>35%</td>
<td>62%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>36%</td>
<td>79%</td>
<td>40%</td>
<td>32%</td>
<td>62%</td>
<td>57%</td>
<td>45%</td>
<td>34%</td>
<td>64%</td>
</tr>
<tr>
<td>SME</td>
<td>32%</td>
<td>71%</td>
<td>50%</td>
<td>25%</td>
<td>60%</td>
<td>61%</td>
<td>38%</td>
<td>34%</td>
<td>65%</td>
</tr>
<tr>
<td>Large</td>
<td>37%</td>
<td>79%</td>
<td>54%</td>
<td>36%</td>
<td>60%</td>
<td>63%</td>
<td>43%</td>
<td>32%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Base: All firms (data not shown for those who said not an obstacle at all/don’t know/refused)

Q. Thinking about your investment activities in Belgium, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?
INVESTMENT FINANCE

SOURCE OF INVESTMENT FINANCE

In Belgium, firms finance just over half (54%) of their investment via internal financing. This share is lower than the EU average (62%). All the sectors, by and large, have a similar investment finance structure, with the exception of manufacturing firms. Investment in the last sector depends more heavily on internal finance sources (a 64% share).

By contrast, almost half of investment activities in services and infrastructure firms rely on external funds (49% and 48%, respectively).

Base: All firms who invested in the last financial year (excluding don’t know/refused responses)

Q. What proportion of your investment was financed by each of the following?

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES

Bank loans (66%) account for the highest share of external finance, a proportion that has increased a little from 62% in the previous wave and is well above the EU average (56%).

The remaining sources of external finance have much lower shares compared to bank loans.

Firms in all sectors present a similar external finance distribution.

Base: All firms who used external finance in the last financial year (excluding don’t know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

**Caution very small base size less than 30
SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

More than one in eight firms in Belgium said that they are happy to rely exclusively on internal finance, a proportion that is only slightly lower than the EU average (16%).

The proportion of firms across sectors that are happy to rely exclusively on internal sources is similar, with the exception of services. Firms in services are least happy to rely on internal sources.

SHARE OF PROFITABLE FIRMS

Eight in ten firms in Belgium (81%) report having generated a profit in the last financial year, which is broadly in line with the EU average (79%) and the previous wave (78%).

Almost nine in ten firms in the service sector report having generated a profit (87%).

Nearly one-quarter of infrastructure firms (23%) claimed to be highly profitable (profit exceeding 10% of turnover).

Base: All firms (excluding don’t know/refused)
Q: Taking into account all sources of income in, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more.
DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

A small share of firms that used external finance are dissatisfied with the amount, cost, maturity, collateral and type of finance received.

The highest levels of dissatisfaction in Belgium relate to the collateral required to secure finance and the cost. This is in line with the trend in the EU.

DISSATISFACTION BY SECTOR AND SIZE

Dissatisfaction with collateral requirements is reported by at least one in ten manufacturing, construction firms and SMEs.

Manufacturing firms seem more likely than other types of firm to report dissatisfaction with respect to aspects of external finance received, but dissatisfaction levels are still low.

Base: All firms who used external finance in the last financial year (excluding don’t know/refused responses)
*Caution very small base size less than 30
Q. How satisfied or dissatisfied are you with ....?
### SHARE OF FINANCE CONSTRAINED FIRMS

Five percent of all firms can be considered finance constrained, which is in line with the EU average (7%). The corresponding figure is two percent for firms in Belgium that did not invest in the last financial year.

Firms across sectors present similar proportions, with those in services recording the highest levels of being constrained (6.1%) and those in infrastructure displaying the lowest (3.1%).

**Base:** All firms (excluding don’t know/refused responses)

Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged).

*Financing constraints for 2016 among non-investing firms estimated.

### FINANCING CROSS

Firms in Belgium are a little less likely to rely on internal funds or to be finance constrained compared to the EU average.

There is little variation between size and sector. Service sector firms are the least likely to rely exclusively on internal funds.

**Base:** All firms (excluding don’t know/refused responses)

Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was ‘happy to use internal finance/didn’t need finance’

The x- and y-axes lines cross on the EU average for 2016.
PROFILE OF FIRMS

CONTRIBUTION TO VALUE ADDED

In terms of the weighted size distribution, large firms account for the largest share of value-added (46%). In general, the distribution of firms in Belgium is similar to the EU distribution.

Employment dynamics over the previous three years were favourable in Belgium with more firms expanding than contracting.

The productivity of firms in Belgium is higher compared with the EU benchmark. The manufacturing sector has a relatively high share of firms in the highest productivity class.

EMPLOYMENT DYNAMICS IN LAST THREE YEARS

DISTRIBUTION OF FIRMS BY PRODUCTIVITY CLASS

Base: All firms (excluding don’t know, refused and missing responses)
Q: Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

Share of firms by productivity class (Total Factor Productivity). Productivity classes are defined on the basis of the entire EU sample.
In 2016 the aggregate investment continued to increase and climbed marginally above its pre-crisis peak in 2008.

Investment seems to be driven mostly by corporates and government, while households’ expenditures showed a small rebound compared to the previous year.

Investment is to be observed in IIP and other buildings and structures, whereas machinery and equipment and dwellings still underperform.
EIB 2017 – COUNTRY TECHNICAL DETAILS

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Belgium, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

<table>
<thead>
<tr>
<th>EU vs Malta</th>
<th>Manufacturing vs Construction</th>
<th>SME vs Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12338) vs (475)</td>
<td>(87 vs 161)</td>
<td>(391 vs 84)</td>
</tr>
</tbody>
</table>

Sampled percentages with sampling tolerances:

- 10% or 90%: 1.1% or 3.0%
- 30% or 70%: 1.6% or 4.5%
- 50%: 1.8% or 4.9%

GLOSSARY

- **Investment**: A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company’s future earnings.
- **Investment cycle**: Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
- **Productivity**: Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
- **Manufacturing sector**: Based on the NACE classification of economic activities, firms in group C (manufacturing).
- **Construction sector**: Based on the NACE classification of economic activities, firms in group F (construction).
- **Services sector**: Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
- **Infrastructure sector**: Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
- **SME**: Firms with between 5 and 249 employees.
- **Large firms**: Firms with at least 250 employees.
# EIB 2017 – COUNTRY TECHNICAL DETAILS

## BASE SIZES

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<thead>
<tr>
<th>Base definition and page reference</th>
<th>EU 2016/2017</th>
<th>BE 2016/2017</th>
<th>Manufacturing</th>
<th>Construction</th>
<th>Services</th>
<th>Infrastructure</th>
<th>SME</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>All firms, p. 2, 3, 6, 7, 8, 11, 14</td>
<td>12483/12338</td>
<td>480/475</td>
<td>161</td>
<td>87</td>
<td>95</td>
<td>128</td>
<td>391</td>
<td>84</td>
</tr>
<tr>
<td>All firms (excluding don’t know/refused responses), p. 3</td>
<td>12159/12020</td>
<td>476/465</td>
<td>159</td>
<td>87</td>
<td>93</td>
<td>122</td>
<td>384</td>
<td>81</td>
</tr>
<tr>
<td>All firms (excluding don’t know/refused responses), p. 5</td>
<td>12071/12073</td>
<td>458/464</td>
<td>156</td>
<td>85</td>
<td>92</td>
<td>127</td>
<td>382</td>
<td>82</td>
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<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 4</td>
<td>10060/10321</td>
<td>418/423</td>
<td>147</td>
<td>76</td>
<td>81</td>
<td>115</td>
<td>345</td>
<td>78</td>
</tr>
<tr>
<td>All firms who invested in the last financial year, p. 5</td>
<td>10881/10889</td>
<td>444/444</td>
<td>154</td>
<td>78</td>
<td>87</td>
<td>121</td>
<td>360</td>
<td>84</td>
</tr>
<tr>
<td>All firms (excluding 'Company didn't exist three years ago' responses), p. 6</td>
<td>12453/12306</td>
<td>480/473</td>
<td>160</td>
<td>86</td>
<td>95</td>
<td>128</td>
<td>389</td>
<td>84</td>
</tr>
<tr>
<td>All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 9</td>
<td>12483/12338</td>
<td>480/475</td>
<td>161</td>
<td>87</td>
<td>95</td>
<td>128</td>
<td>391</td>
<td>84</td>
</tr>
<tr>
<td>All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 10</td>
<td>9093/9131</td>
<td>324/308</td>
<td>97</td>
<td>64</td>
<td>57</td>
<td>88</td>
<td>266</td>
<td>42</td>
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<tr>
<td>All firms (excluding don’t know, refused and missing responses), p. 14</td>
<td>12162/11513</td>
<td>468/445</td>
<td>149</td>
<td>81</td>
<td>91</td>
<td>120</td>
<td>369</td>
<td>76</td>
</tr>
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