European Investment Bank
The EU bank

Belgium

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment and investment finance 2020 Country overview

Belgium

EIB Group survey on investment and investment finance 2020.
Country overview: Belgium
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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its 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 organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

Published by the European Investment Bank. Printed on FSC Paper.

print:	QH-BL-21-022-EN-C	ISBN 978-92-861-4778-4	ISSN 2599-7998	DOI 10.2867/803005
pdf:	QH-BL-21-022-EN-N	ISBN 978-92-861-4779-1	ISSN 2599-8005	DOI 10.2867/352522

EIBIS 2020 – Belgium

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 21% below the level of Q4 2019. The country has now moved into the 'high investment contracting' quadrant and is close to the EU average in terms of investment expectations.

Investment Focus

Around two fifths (39%) of firms with investment plans will abandon or delay at least some of their investments as a result of COVID-19, which is a similar share to the EU average (35%). Whilst around one in six (17%) firms with investment plans, intend to continue with at least some of their investment plans but with a reduced scale or scope, this is similar to the EU average (18%).

The most frequently cited long term impact of COVID-19 is the increased use of digital technologies (66%).

Investment Needs and Priorities

Around a half of all firms (54%) were operating at or above full capacity, in 2019 which is in line with EIBIS 2019 (49%), but remains lower than the EU average (61%).

Firms impacted by COVID-19 are more likely to be prioritising investment in new products or services over the next three years than firms who had not been impacted by COVID-19 (39% versus 22%).

Innovation Activities

Almost half of all firms in Belgium (45%) developed or introduced new products, processes or services as part of their investment activities, with one-fifth (20%) having undertaken innovation that is new to the country or the world. Approximately two out of three firms (68%) have implemented, either fully or partially, the digital technologies they were asked about.

Drivers and Constraints

Firms are much less optimistic about the overall economic climate (-63% versus -26% in EIBIS 2019), the business prospects in their sector (-20% versus 7% in EIBIS 2019) and the availability of internal finance (-15% versus 12% in EIBIS 2019).

The availability of skilled staff and uncertainty about the future remain the two most commonly cited barriers to investment (81% and 78% respectively).

Investment Finance

Three out of five firms in Belgium were financed by internal sources (60%) in 2019, which is broadly in line with EIBIS 2019 and the EU average (58% and 62% respectively). Almost eight in ten of firms (78%) reported generating a profit in 2019, similar to EIBIS 2019 and the EU average (both at 80%).

Access to Finance

Firms using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and the type of financing received. Four per cent of all firms in Belgium could be considered financially constrained in the past financial year.

Energy Efficiency

Two fifths (40%) of firms have invested in measures to improve their energy efficiency. This is a similar share to EIBIS 2019 (39%) but is lower than the EU average (47%). The average share of investment in measures to improve energy efficiency is 7% and this is the same as in EIBIS 2019 (7%), but remains lower than the EU average (12%).

Climate Change

Overall around two fifths (39%) of firms in Belgium feel their business has been impacted by climate change and the related changes in weather patterns, this is lower than the EU average (58%).

Overall, more firms in Belgium expect that the transition to a low-carbon future will have a positive rather than a negative impact on their reputation (38%) and on market demand (16%) over the next five years. In contrast more firms expect this transition to have negative rather than a positive impact on their supply chain (-16%) reflecting their anticipations of higher input costs due to stricter climate policies.

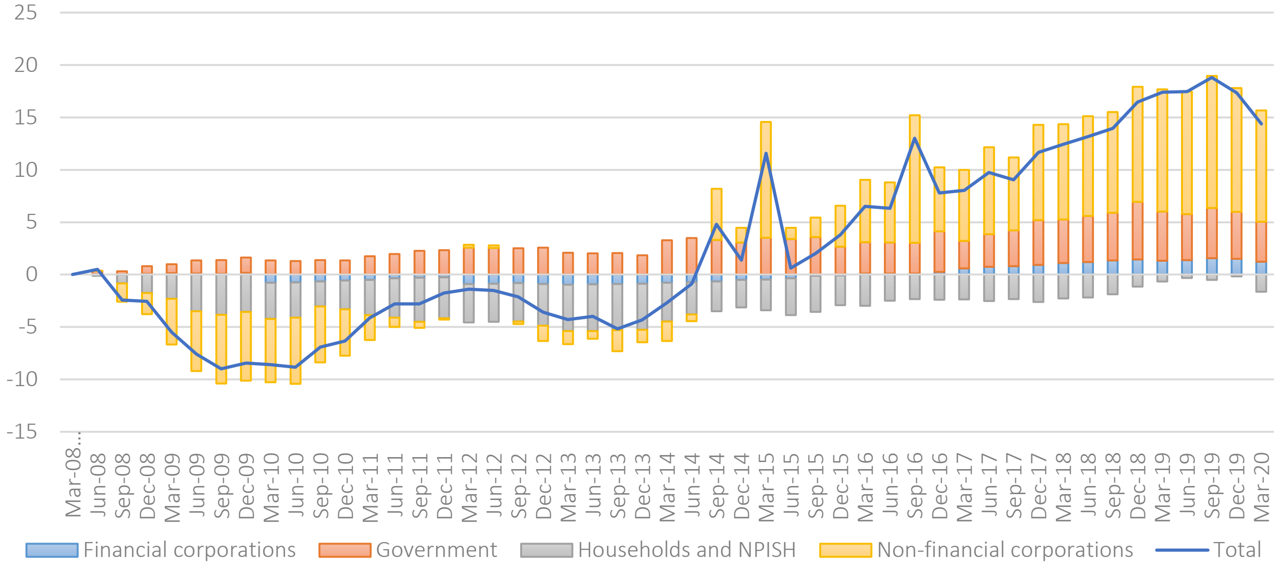
Four fifths of firms in Belgium (80%) have either already invested or plan to invest, in the next three years, in measures to tackle the impact of weather events and reduction in carbon emissions. This is above the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 21% below the level of Q4 2019.

Even though investment is still above levels at the beginning of the global financial crisis, the current dynamics halt the positive trend and call for extra vigilance.



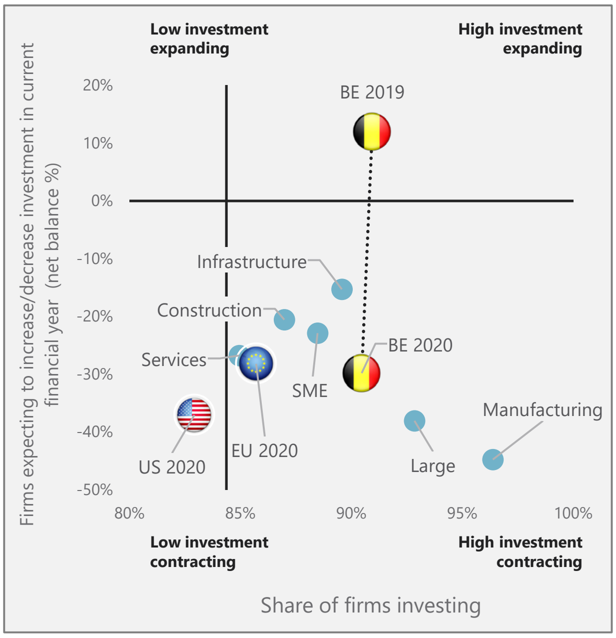
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

In Belgium, more firms expect to decrease rather than increase investment (net balance of firms) in the current financial year, presenting more pessimistic views compared to EIBIS 2019. The country has now moved into the 'high investment contracting' quadrant and is close to the EU average in terms of expectations.

Fewer firms in the infrastructure sector expect to reduce their investments in the current financial year than in other sectors.

Large firms and manufacturing firms have a high share of firms investing, but also present the highest share of firms expected to decrease rather than increase investments in the current financial year.



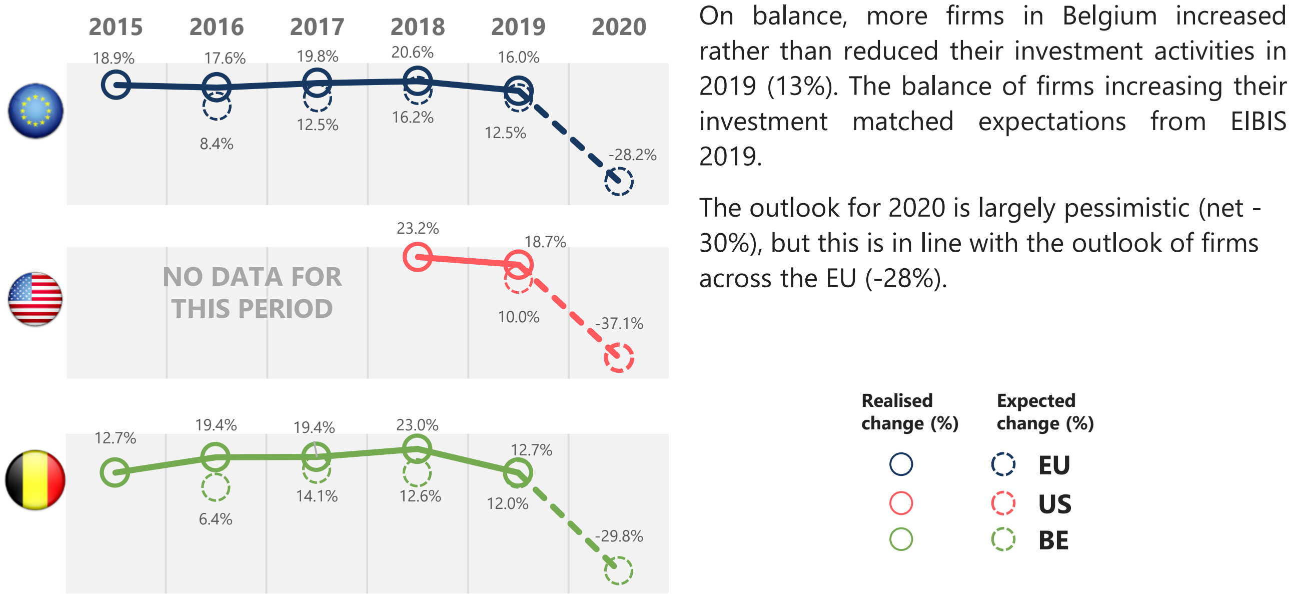
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



On balance, more firms in Belgium increased rather than reduced their investment activities in 2019 (13%). The balance of firms increasing their investment matched expectations from EIBIS 2019.

The outlook for 2020 is largely pessimistic (net -30%), but this is in line with the outlook of firms across the EU (-28%).

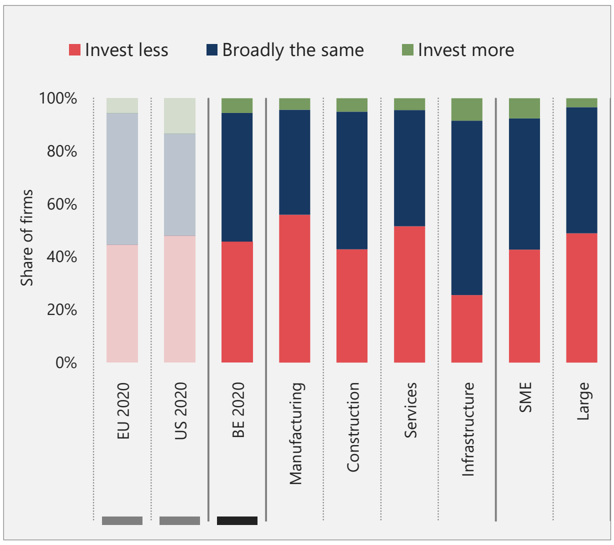
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

In Belgium COVID-19 has affected firms' investment strategies for 2020, with around a half (46%) of firms expecting to invest less and 5% expecting to invest more. The change in investment expectations is in line with the EU average (45% expecting less and 6% more).

The manufacturing and service sectors have been affected more than the construction sector and especially the infrastructure~~,~~ which is the least likely to be investing less in 2020 due to COVID-19.



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

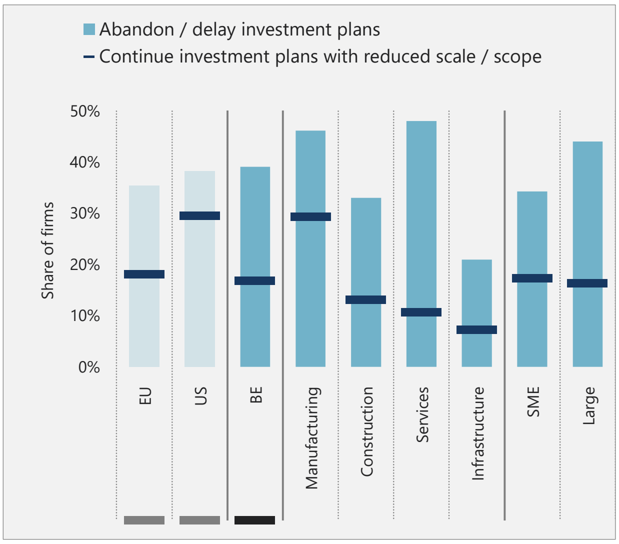
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around two fifths (39%) of firms, with investment plans, will abandon or delay at least some of their investments as a result of COVID-19, which is a similar share to the EU average (35%).

Around one in six (17%) firms with investment plans, intend to continue with at least some of their investment plans but with a reduced scale or scope, this is similar to the EU average (18%).

Firms operating in the infrastructure sector are the most likely to abandon or delay at least some of their investment plans (21%), while those in the manufacturing sector are most likely to continue on with a reduced scale/scope (29%).

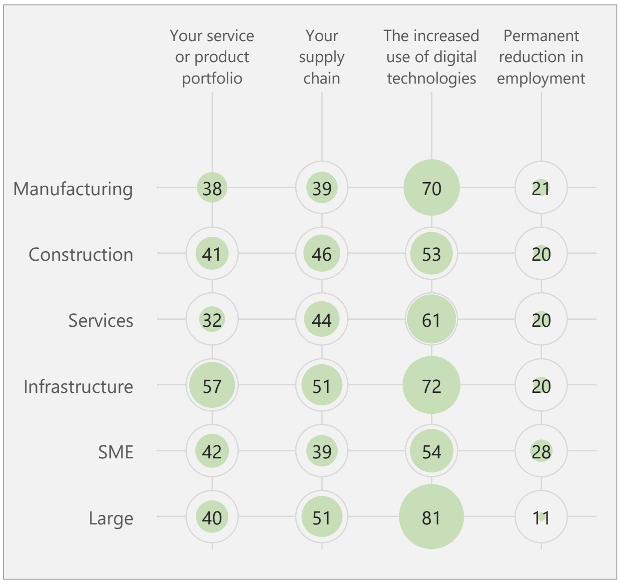


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



The most frequently cited long term impact of COVID-19 is the increased use of digital technologies (66%). Large firms are more likely to cite the increased use of digital technologies as a long term impact than (81% versus 54%).

Around two fifths of firms expect COVID-19 to have a long term impact on their supply chain (44%) and services or products portfolio (41%).

A fifth (20%) of firms expect there to be a permanent reduction in employment. SMEs are more likely to cite a permanent reduction in employment as a long term impact of COVID-19 than large firms (28% versus 11%).

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

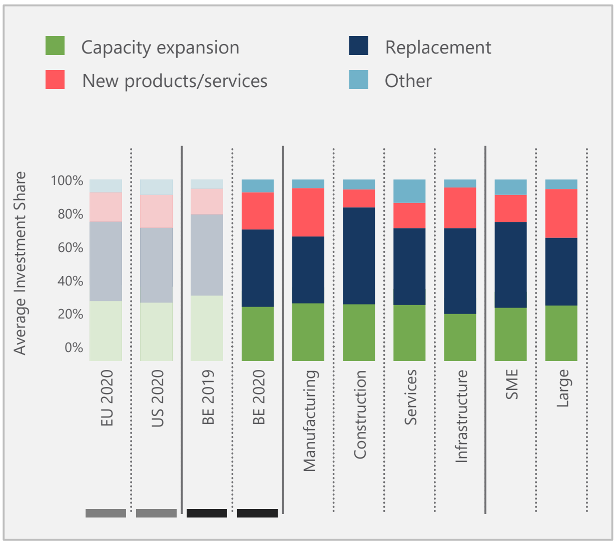
Investment Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

Around a half of firms' investment (46%) was with the purpose of replacing buildings and equipment in the last financial year. This share is similar to EIBIS 2019 (49%).

Nearly a quarter of firms' investment was either for capacity expansion (24%) or for introducing new products, processes or services (22%). The share of investment in new products and services has increased compared with EIBIS 2019 (22% versus 15%).

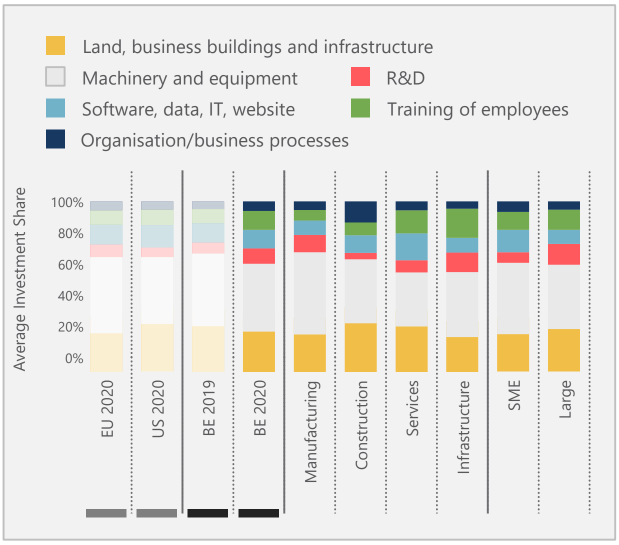
The share of investment for replacing capacity was higher among construction firms (58%) and SMEs (51%). Whilst the share of investment for introducing new products, processes or services was higher among manufacturing and large firms (29% for both groups).



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?

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

INVESTMENT AREAS



Out of the six investment areas considered, the highest share of investment in Belgium was in machinery and equipment (44%), followed by investments in land, business buildings and infrastructure (16%), in training of employees (12%) and in software, data, IT and websites (12%).

Manufacturing firms tended to allocate a larger share of their investment to machinery and equipment (53%) than other sectors (ranging from 34% to 42%).

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?

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

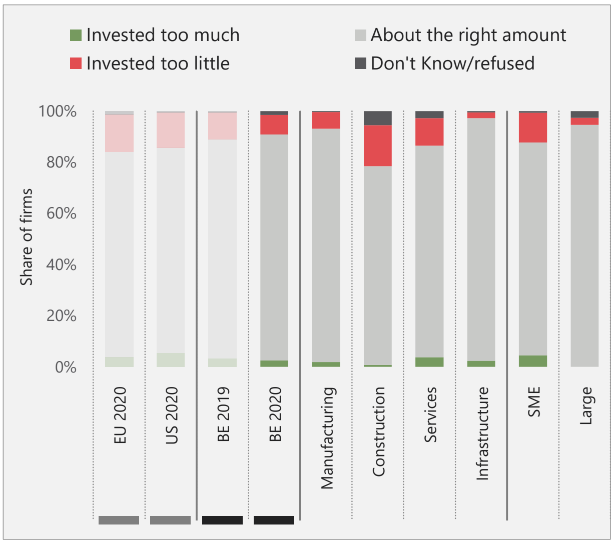
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Almost nine in ten firms (88%) believe their investment over the last three years was about the right amount, which is above the EU average (80%).

Fewer than one in ten (8%) firms in Belgium had invested too little, which is below the EU average of 15%.

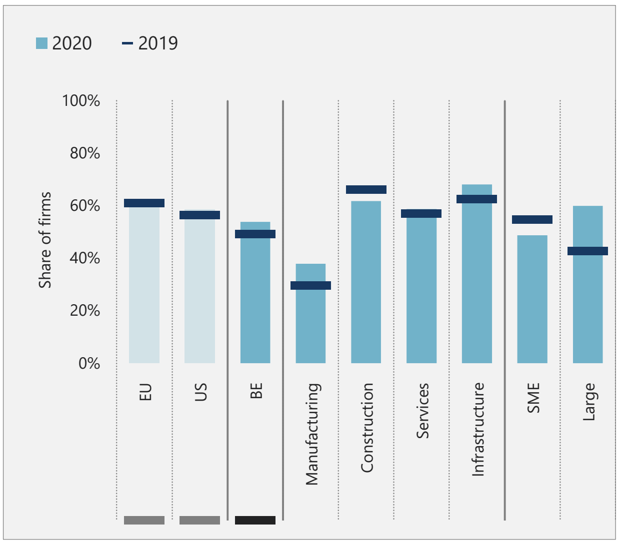
Large firms are more likely than SMEs to have invested about the right amount (95% versus 83%).



Q, Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



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?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Around a half of all firms (54%) were operating at or above full capacity in 2019, which is in line with EIBIS 2019 (49%), but remains lower than the EU average (61%).

Firms in the manufacturing sector were the least likely to be operating at or above full capacity in the last financial year (38%, compared with 59% to 68% share of firms in other sectors).

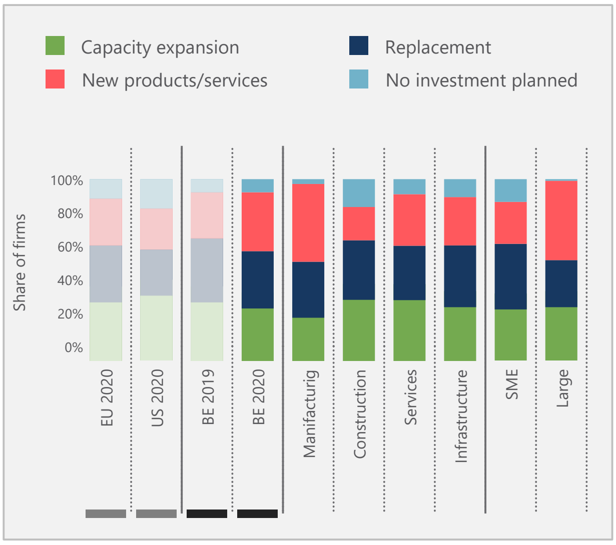
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, new products/services and replacing existing buildings and equipment are the most commonly cited investment priorities among firms (35% and 34% respectively).

Manufacturing and large firms are the most likely to prioritise new products and services (46% and 47% respectively).

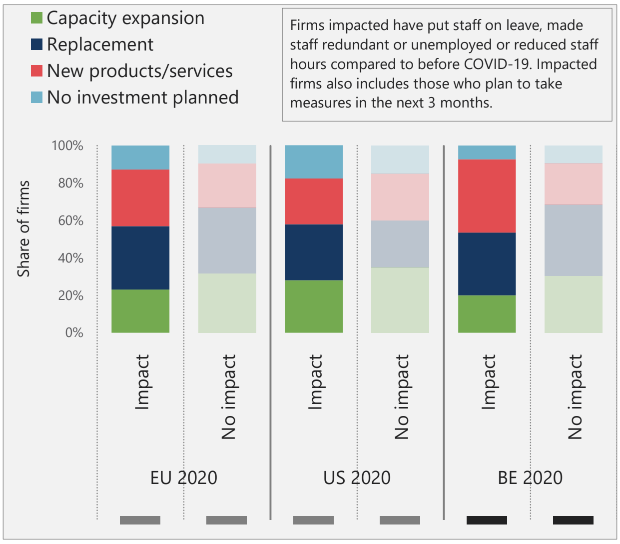
Fewer than one per cent of large firms had no investment planned.



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?

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

COVID-19 IMPACT ON PRIORITIES



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?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

The pattern of investment priorities between firms impacted by COVID-19 and those who have not been impacted is slightly different in Belgium. Impacted firms in Belgium are more likely to be prioritising investment in new products or services over the next three years than firms who had not been impacted by COVID-19 (39% versus 22%).

The share of impacted firms in Belgium who are prioritising new products or services is much higher than the EU average (39% versus 30%).

Fewer impacted firms in Belgium have no investment plans compared with in the EU average (7% versus 13%).

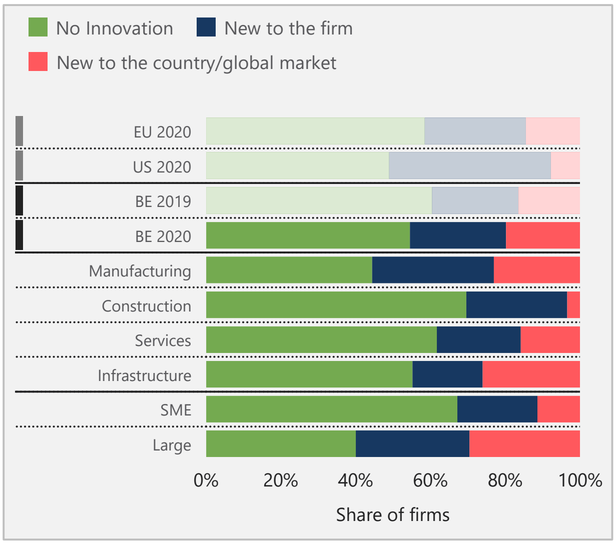
Innovation Activities

INNOVATION ACTIVITY

Almost half of all firms in Belgium (45%) developed or introduced new products, processes or services as part of their investment activities, with one-fifth (20%) having undertaken innovation that is new to the country or the world.

Manufacturing firms are the most likely to have innovated (56%), followed by firms operating in the infrastructure sector (45%).

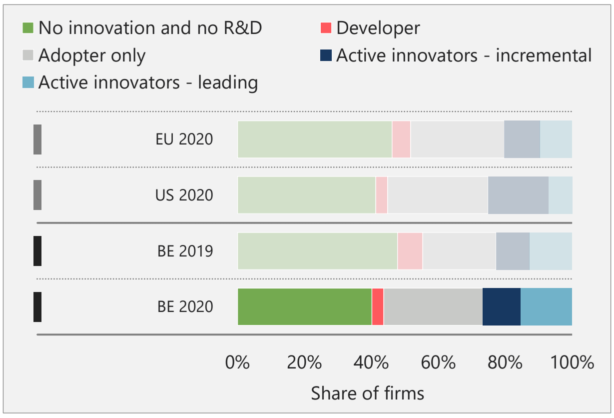
Only one-third of SMEs (33%) invested in developing innovative products, processes or services, compared with three in five (60%) of large firms. Large firms also invested the most in innovations that are new to the country or the global market (30% versus 11% for SME).



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?

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

INNOVATION PROFILE



When firms' innovation and research and development behaviour is profiled more widely, 27% of firms in Belgium are classified as 'active innovators', and a further 4% of firms are 'developers'.

This share of 'active innovators' has increased since EIBIS 2019 (27% versus 23%) and is also above the EU average of 20%.

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?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

Innovation Activities

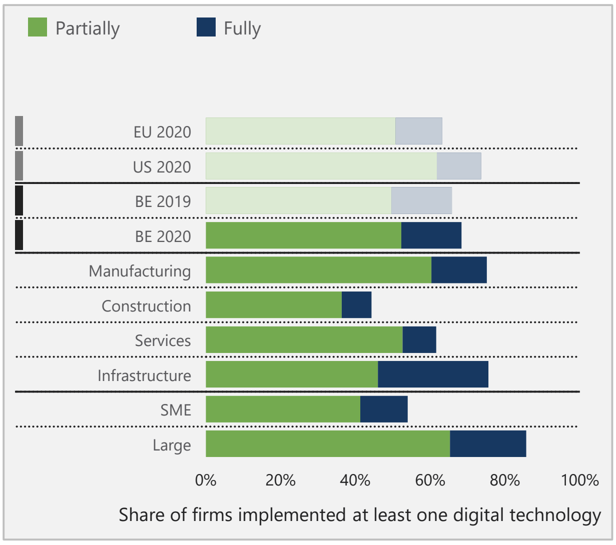
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Approximately two out of three firms (68%) have implemented, either fully or partially, the digital technologies they were asked about.

Firms in the infrastructure and manufacturing are the most likely to have implemented digital technologies, either fully or partially (76% and 75% respectively), while those in the construction sector are the least likely to have done so (44%).

Large firms are more likely than SMEs to have implemented at least one digital technology (86% versus 54%).

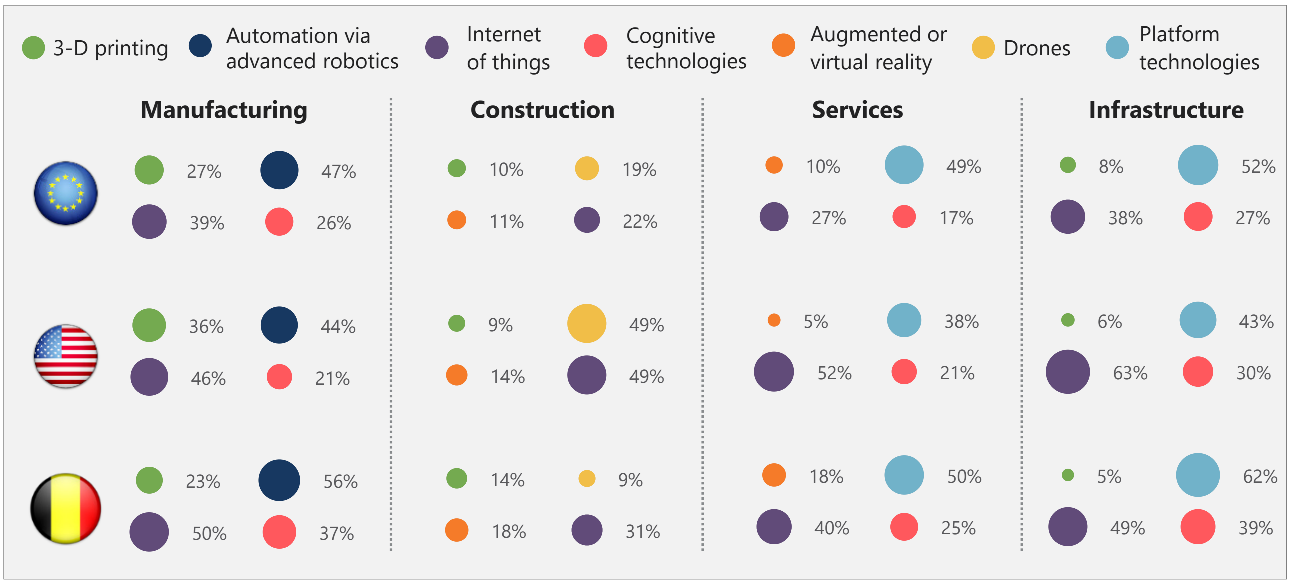
Belgium infrastructure firms reported relatively high take-up of platform technologies, while firms in manufacturing highlighted automation via advanced robotics and internet of things.



Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

DIGITAL TECHNOLOGIES BY SECTOR



Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

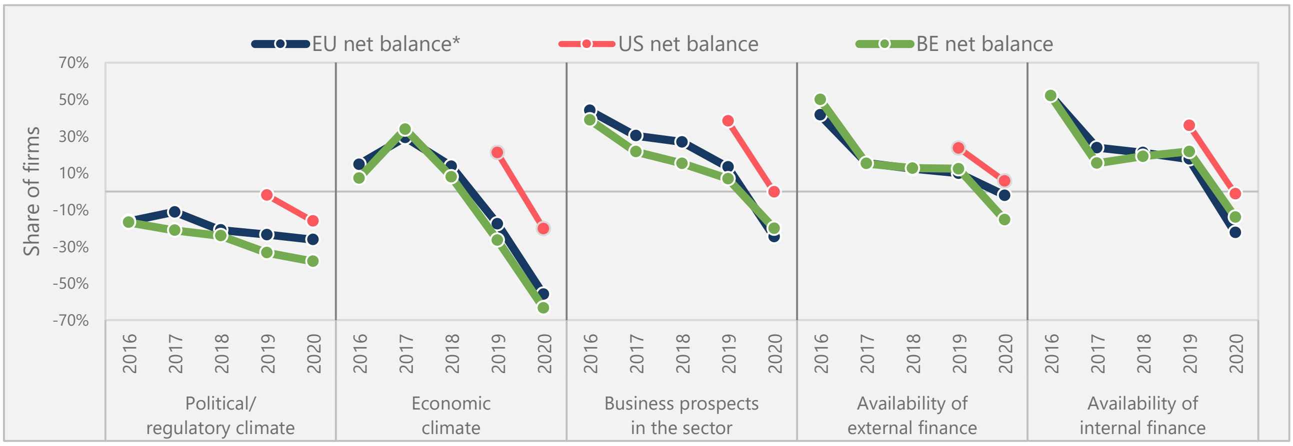
Base: All firms (excluding don't know/refused responses)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

Over the next twelve months, more firms in Belgium expect a deterioration rather than improvement across all five short term barriers to investment. This is in line with firms across the EU.

Firms are much less optimistic about the overall economic climate (-63% versus -26% in EIBIS 2019), the business prospects in their sector (-20% versus 7% in EIBIS 2019) and the availability of internal finance (-15% versus 12% in EIBIS 2019).



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

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

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Manufacturing	30	52	22	8	16
Construction	31	63	20	32	28
Services	45	74	14	14	15
Infrastructure	44	67	23	21	5
SME	33	57	24	13	18
Large	44	71	16	19	9

Please note: red figures are negative

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

Base: All firms

All firms are consistently more negative than positive about the economic climate, with service sector firms and large firms being the most pessimistic (74% and 71% respectively).

Construction firms are also more negative than other sectors for their availability of external finance over the next twelve months (32% compared with 8% to 21% share of firms in other sectors).

Large firms and those in the infrastructure sector are relatively less pessimistic about the availability of internal finance (9% and 5% respectively).

Drivers And Constraints

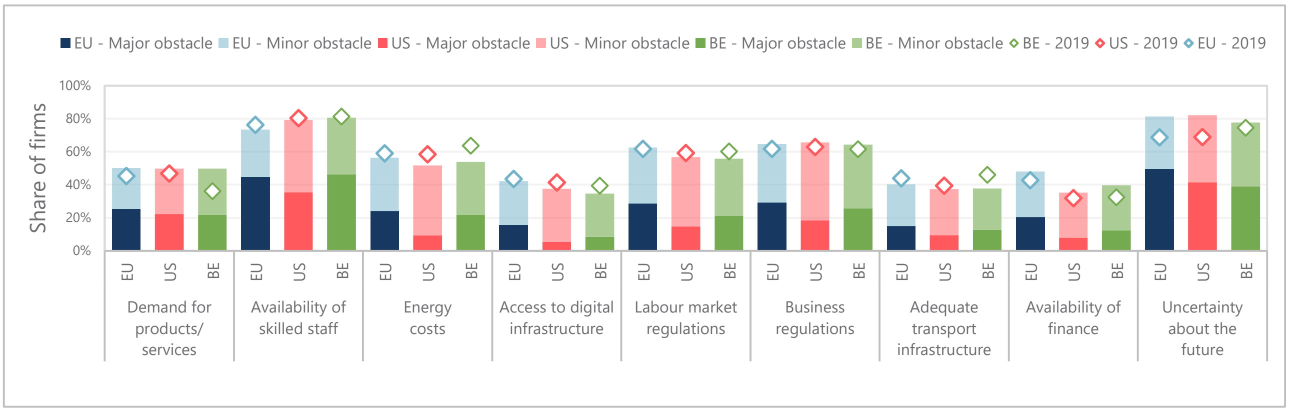
LONG TERM BARRIERS TO INVESTMENT

The availability of skilled staff and uncertainty about the future remain the two most commonly cited barriers to investment (81% and 78% respectively) – with both measures in line with EIBIS 2019.

The share of firms who consider the demand for products/services as a barrier has increased since EIBIS 2019 (50% versus 36% respectively).

Conversely, fewer firms see energy cost as a barrier in EIBIS 2020 (54% versus 64% EIBIS 2019), as a result of falling energy prices.

Firms in the service sector are the most likely to cite business regulation as a barrier (74%), while manufacturing firms are the most likely to cite energy costs (61%) as a barrier, presumably given its importance in the production cost.



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?

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

LONG TERM BARRIERS BY SECTOR AND SIZE

	Demand for products/ services	Availability of skilled staff	Energy costs	Digital infrastructure	Labour regulations	Business regulations	Transport infrastructure	Availability of finance	Uncertainty about the future
Manufacturing	51	79	61	39	54	62	42	38	77
Construction	43	87	49	41	58	59	31	51	79
Services	48	83	53	33	59	74	33	40	82
Infrastructure	53	78	46	29	54	59	39	37	73
SME	47	81	56	39	58	64	36	45	82
Large	54	81	51	30	53	65	40	34	73

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?

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

Reported shares combine 'minor' and 'major' obstacles into one category

Investment Finance

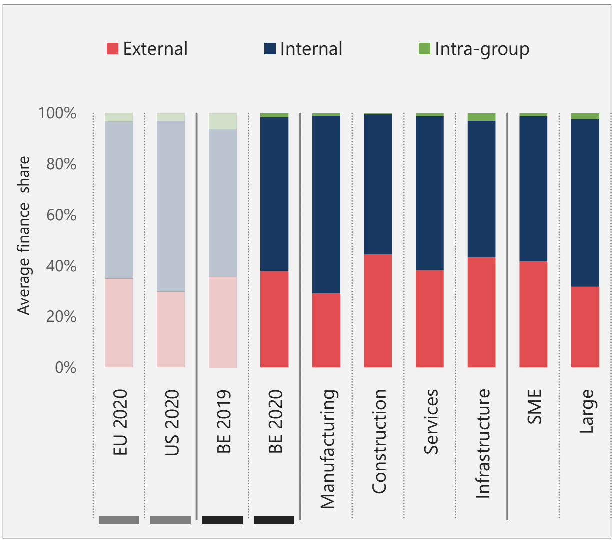
SOURCE OF INVESTMENT FINANCE

Three out of five firms in Belgium were financed by internal sources (60%) which is broadly in line with EIBIS 2019 and the EU average (58% and 62% respectively).

Conversely, external finances made up more than one-third of the investment finance (38%).

Intra-group funding accounted for only two percent of investment finance in Belgium, and this represents a decline since EIBIS 2019 (6%).

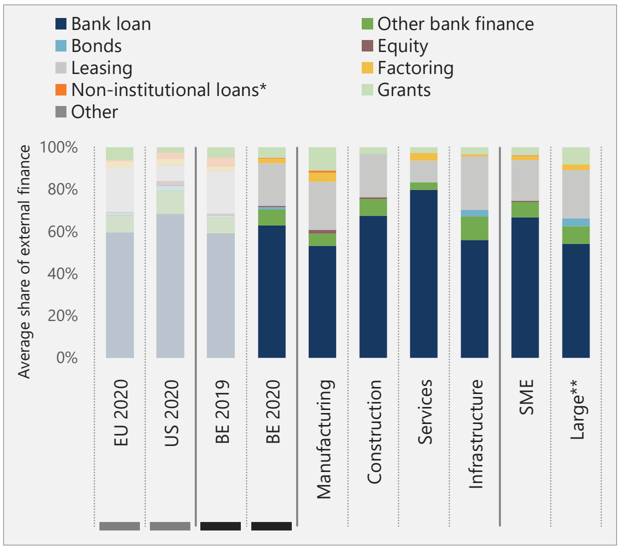
Manufacturing firms report a higher share of internal finance (70%) when compared to firms in other sectors (ranging from 54% to 61%).



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

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

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



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*

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

Bank loans continued to account for the highest share of external finance (63%), followed by leasing (20%). This is broadly in line with EIBIS 2019 and the EU average.

The share of external finance accounted for by non-institutional loans has declined to zero percent, from four per cent in EIBIS 2019.

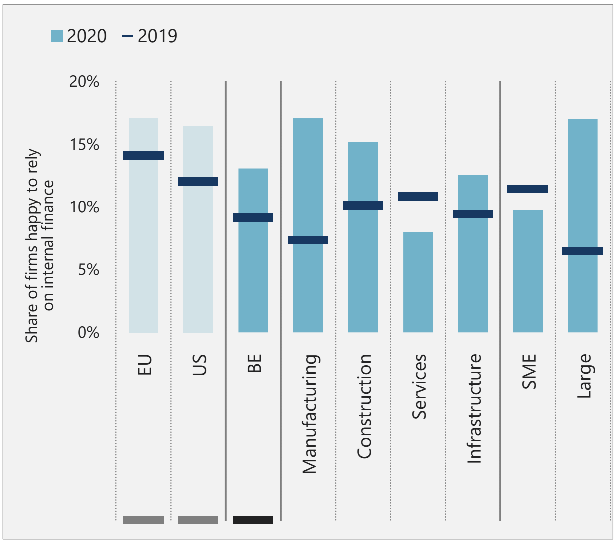
Leasing or hire purchases represented a smaller proportion of external financing among service sector firms (10%) when compared to other sectors (ranging from 21% to 25).

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

Among all firms in Belgium, only thirteen percent cite the main reason for not applying for external finance is because they are happy to use internal funds or do not have a need for external finance. This is broadly similar to EIBIS 2019 (9%) and the EU average (17%).

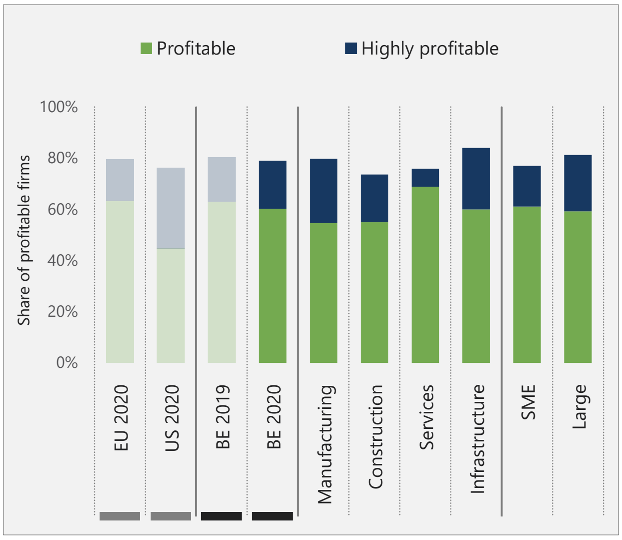
Slightly fewer SMEs in Belgium are happy to rely exclusively on internal sources to finance investment (10%), compared large firms (17%), while this was the opposite in EIBIS 2019.



Q, What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Almost eight in ten of firms (78%) report generating a profit in the last financial year, similar to EIBIS 2019 and the EU average (both at 80%).

Specifically, 19% of firms claim to be highly profitable, defined as generating a profit level of at least 10% of the firms' turnover. This is similar to the EIBIS average (17%).

Firms in the service sector are the least likely to be highly profitable (7%), which could be driven by the fact that they face greater competition.

Q. Taking into account all sources of income in the last financial year, 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

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

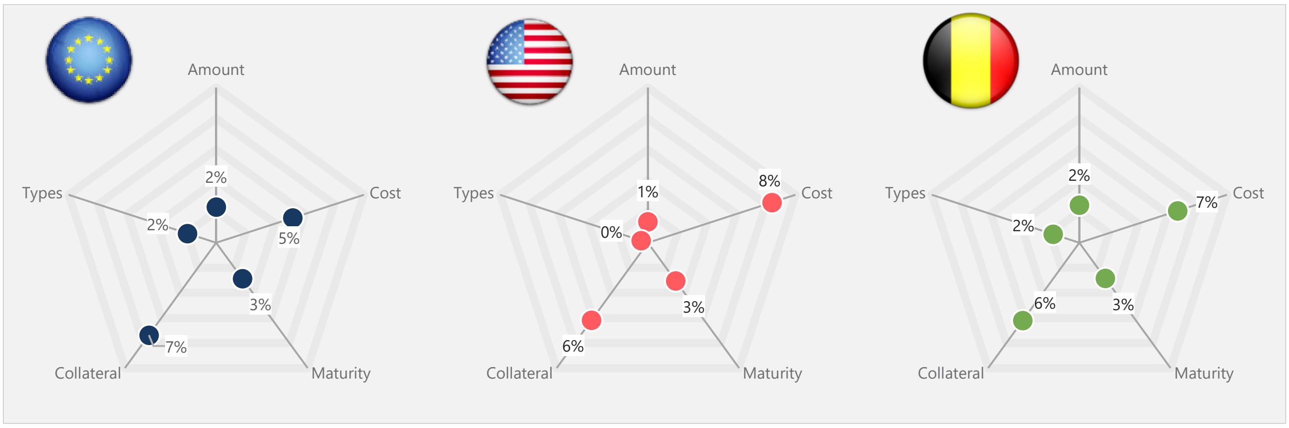
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external financing in 2019 report that they are, on balance, satisfied with the amount, cost, maturity, collateral and the type of financing received.

The highest levels of dissatisfaction recorded among firms in Belgium is with the cost of finance (7%) and the collateral requirements (6%), which is in line with the EU average.

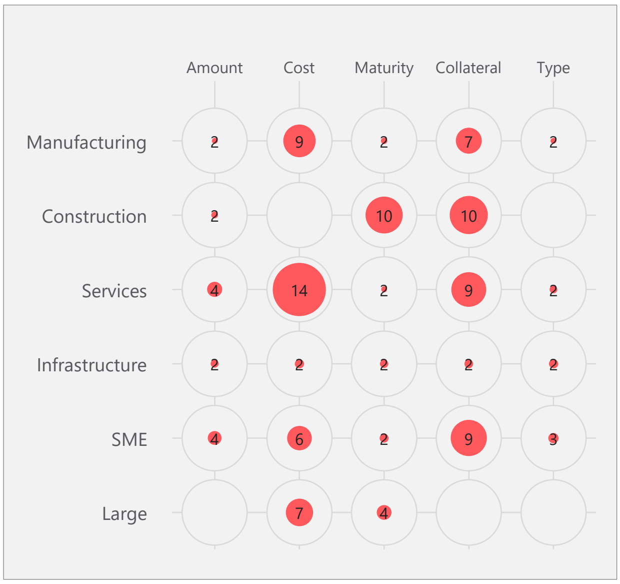
Share of dissatisfied firms



Q, How satisfied or dissatisfied are you with ...?

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

DISSATISFACTION BY SECTOR AND SIZE (%)



Overall dissatisfaction levels are low, with the highest levels of dissatisfaction mentioned regarding the cost of financing among service sector (14%) and manufacturing firms (9%).

Levels of dissatisfaction with the collateral requirements is higher for SMEs (9%) than for large firms (0%).

Q. How satisfied or dissatisfied are you with ...?

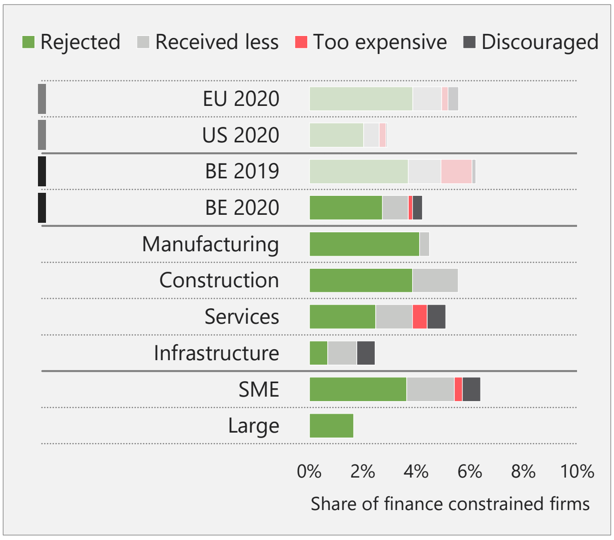
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Four per cent of all firms in Belgium could be considered financially constrained in the last financial year.

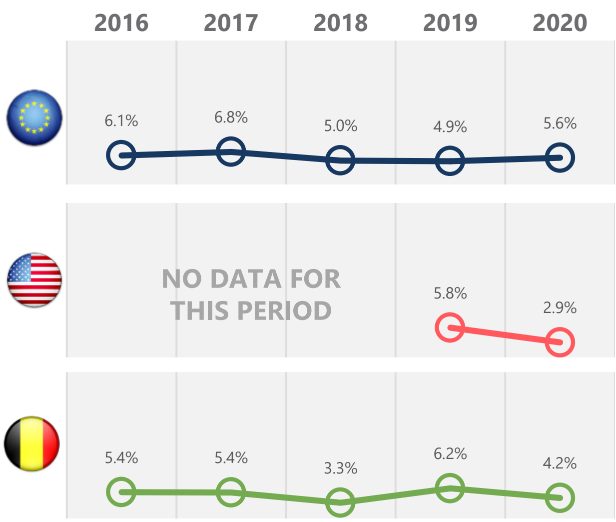
Six per cent of SMEs could be considered financially constrained, with the vast majority (4%) being classified 'rejected' i.e. they had sought external finances but did not receive it (were 'rejected').



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)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



The share of financially constrained firms declined by 2 percentage points compared with EIBIS 2019 and remained broadly similar to previous years and in line with the current EU average (6%).

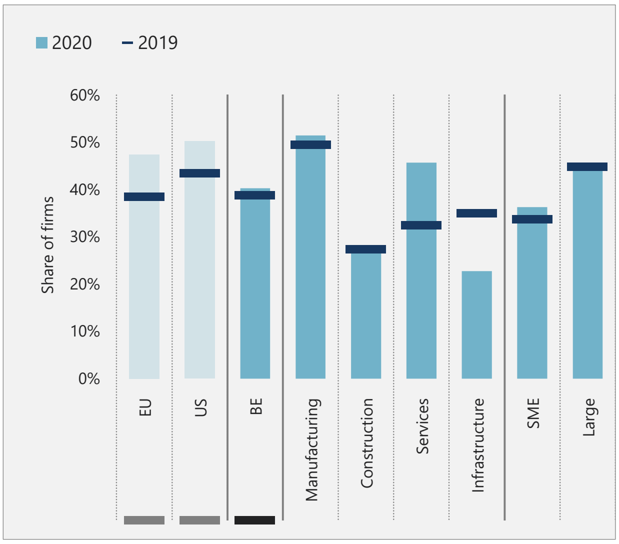
Base: All firms

Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Two fifths (40%) of firms have invested in measures to improve their energy efficiency. This is a similar share to EIBIS 2019 (39%) but is lower than the EU average (47%).

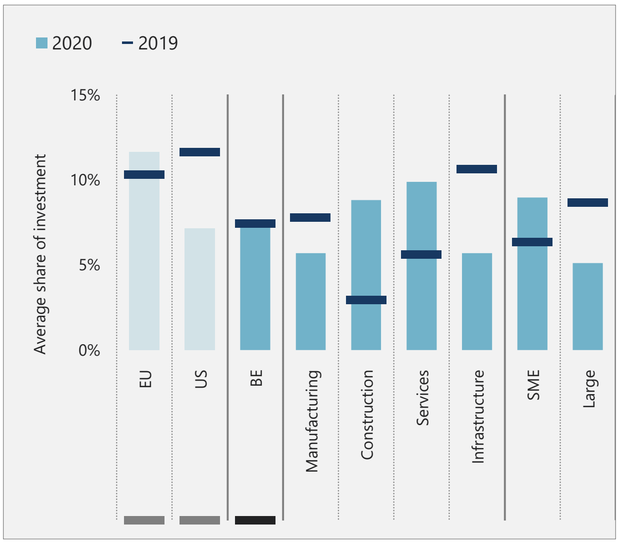
Firms in the manufacturing sector (51%) were around twice as likely to invest in energy efficient measures than firms in the infrastructure and construction sectors (23% and 27% respectively).



Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



The average share of investment in measures to improve energy efficiency is 7% and this is the same as in EIBIS 2019, but remains lower than the EU average (12%).

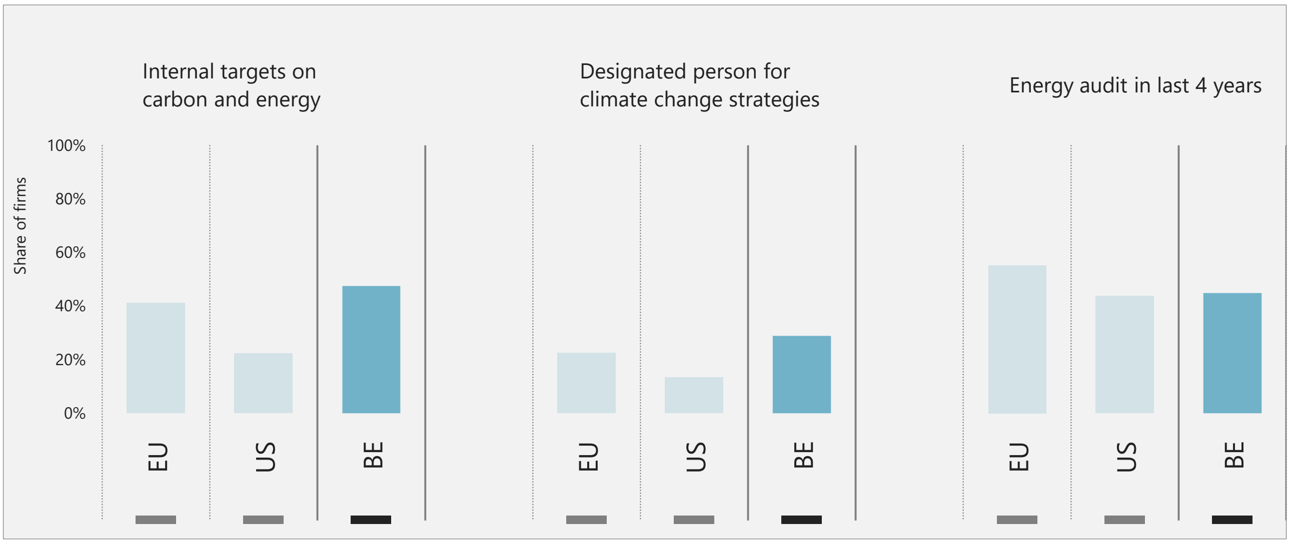
The share of investment in measures to improve energy efficiency across all sectors and sizes has remained fairly stable since EIBIS 2019. The differences seen in the chart between EIBIS 2019 and 2020 are not statistically significant.

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE

	Internal targets on carbon and energy	Designated person for climate change strategies	Energy audit in last 4 years
Manufacturing	61	29	66
Construction	26	28	30
Services	34	26	31
Infrastructure	53	33	36
SME	30	16	37
Large	69	44	54

Belgium firms are more likely than EU firms to have a designated person to develop their climate change strategies (29% versus 23%) and to have set internal targets on carbon and energy (48% versus 41%).

Around a half of all firms in Belgium have had an energy audit in the past four years, which is lower than the EU average (45% versus 55%).

Manufacturing firms are the most likely to have had an energy audit (66%) and to set internal targets on carbon and energy (61%).

Large firms are more likely than SMEs to have a designated a person to develop their climate change strategies (44% versus 16%) and to have internal targets on carbon emissions and energy consumption (69% versus 30%).

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

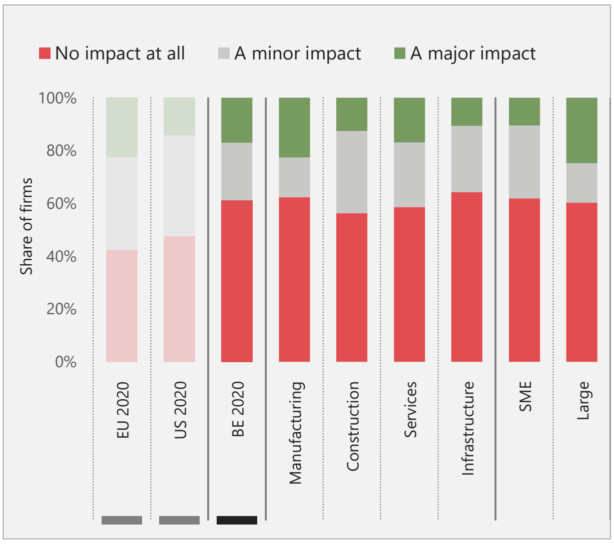
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

Overall around two fifths (39%) of firms in Belgium feel their business has been impacted by climate change and the related changes in weather patterns, this is lower than the EU average (58%).

Large firms are more likely to feel that climate change currently has a major impact on their business than SMEs (25% versus 11%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)

	Market demand	Your supply chain	Your reputation
Manufacturing	15	16	49
Construction	49	8	53
Services	5	31	25
Infrastructure	19	2	34
SME	15	11	33
Large	17	23	44

Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

Overall, more firms in Belgium expect that the transition to a low-carbon future will-have a positive rather than a negative impact on their reputation (38%) and on market demand (16%). In contrast more firms expect this transition to have negative rather than a positive impact on their supply chain (-16%) reflecting their anticipations of higher input costs due to stricter climate policies.

Service firms hold the most negative views about the impact of carbon reduction on their supply chain (-31%), while manufacturing and construction firms hold the most positive views on the impact of carbon reduction measures on their reputation (49% and 53% respectively).

Large firms are more likely than SMEs to think that climate change will have a positive impact rather than a negative impact on their reputation (44% versus 33%).

**Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact*

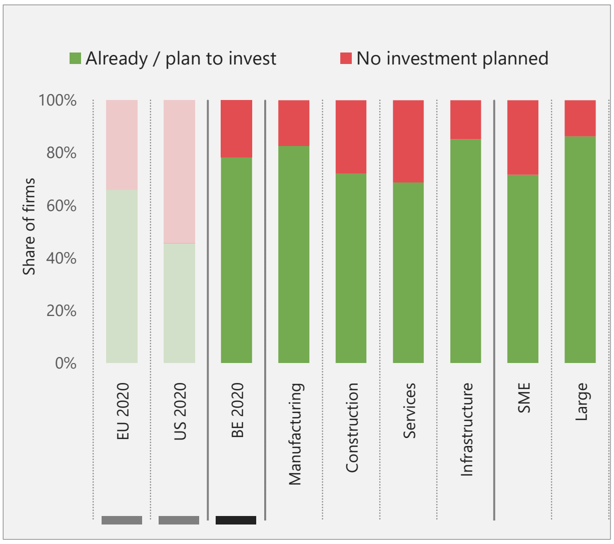
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Four fifths of firms in Belgium (80%) have either already invested or plan to invest, in the next three years, in measures to tackle the impact of weather events and reduction in carbon emissions. This is above the EU average (67%).

Large firms are more likely to have either already invested or plan to invest than SMEs (88% versus 73%).

The most frequently cited barriers to investing in activities to tackle climate change risks are uncertainty about the regulatory environment and taxation (81%) and the cost of investment activities (73%).



Q, Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE

	Cost of investment activities	Availability of finance	Uncertainty about climate change impacts	Uncertainty about regulatory environment and taxation	Uncertainty about new technologies to help tackle the impact	Availability of staff with the right skills to identify and implement investments related to climate change
Manufacturing	80	50	53	79	65	53
Construction	67	68	56	82	44	59
Services	75	59	49	84	63	57
Infrastructure	65	57	62	81	64	50
SME	73	58	56	78	61	55
Large	74	54	52	84	64	52

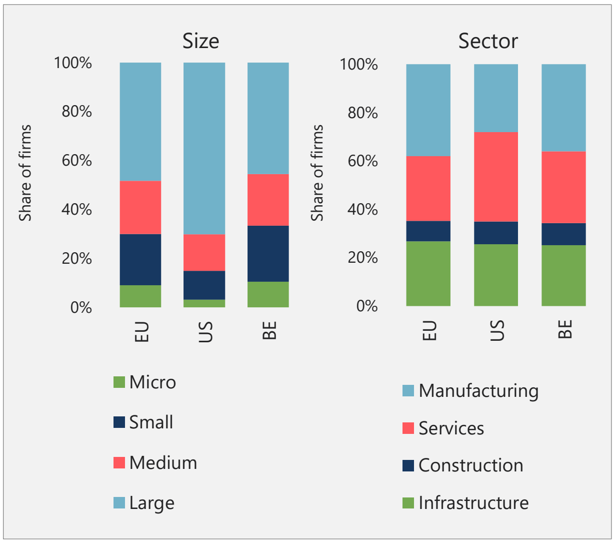
Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

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

Profile of Firms

CONTRIBUTION TO VALUE ADDED

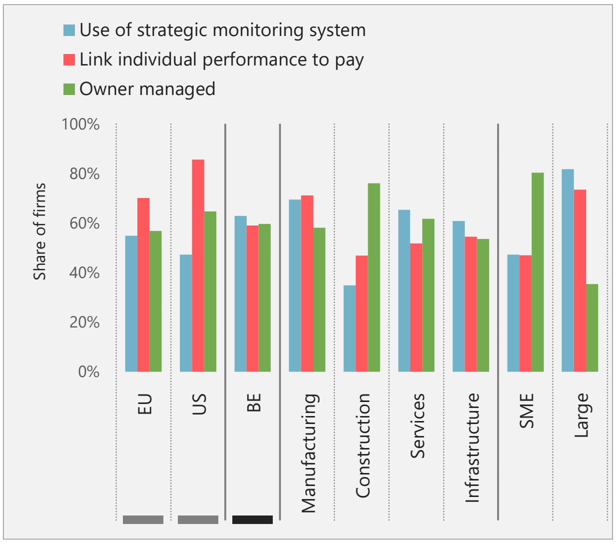
Large firms with 250+ employees (46%) and the manufacturing sector (36%) continue to account for the greatest shares of value-added in Belgium. The distribution of firms based on both size and sector is similar to the overall distribution in the EU.



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered.
That is, all firms with 5 or more employees active in the sectors covered by the survey.
Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



Firms in Belgium are more likely than EU firms to report using a formal strategic monitoring system (63% versus 55%), but they are less likely to link individual performance to pay (59% versus 70%).

Large firms are more likely to use a formal strategic monitoring system than SMEs (82% versus 47%).

Around two thirds of firms are owned or controlled by their CEO or a member of the CEO's family (63%), with higher share of such firms among SMEs (80%) than large businesses (35%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – 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.

	EU	US	BE	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs BE	Manuf vs Constr	SME vs Large
	(11971)	(800)	(480)	(150)	(92)	(118)	(107)	(416)	(64)	(11971 vs 480)	(92 vs 150)	(416 vs 64)
10% or 90%	1.1%	3.5%	3.2%	5.5%	6.4%	6.1%	6.4%	2.5%	6.3%	3.4%	8.4%	6.7%
30% or 70%	1.7%	5.3%	4.9%	8.4%	9.8%	9.3%	9.7%	3.9%	9.6%	5.1%	12.9%	10.3%
50%	1.9%	5.8%	5.3%	9.1%	10.7%	10.2%	10.6%	4.2%	10.5%	5.6%	14.1%	11.2%

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.
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.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Belgium (carried out between May and August 2020).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2020/2019	US 2020/2019	BE 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	480/486	150	92	118	107	416	64
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	470/464	147	91	113	106	407	63
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	405/NA	135	73	94	91	343	62
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	392/401	128	73	87	93	339	53
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	429/371	135	82	104	95	370	59
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	479/486	149	92	118	107	415	64
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	470/477	147	89	117	105	408	62
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	466/0	146	88	116	104	405	61
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	466/462	146	92	114	101	402	64
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	365/328	118	71	82	84	314	51
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	480/481	150	92	118	107	416	64
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	328/326	84	72	79	80	295	33
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	195/184	47	44	39	56	180	15
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	442/439	140	83	108	99	379	63
All firms who used external finance in the last financial year (excluding don't know/refused responses) , p. 14*	4310/4292	314/245	190/175	47	42	40	51	174	16
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	479/NA	150	91	118	107	416	63
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	475/NA	150	91	116	106	412	63
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	474/472	148	91	115	106	411	63

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© European Investment Bank, 11/2020
print: ISBN 978-92-861-4778-4
PDF: ISBN 978-92-861-4779-1

Belgium

Overview

EIB INVESTMENT SURVEY

2020