



**European  
Investment  
Bank**

*The EU bank*



**Belgium**

## **EIBIS 2016**

EIB Group Survey on  
Investment and  
Investment Finance 2016

**Country Overview**

## 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 12,500 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](mailto: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 30 economists, is headed by Debora Revoltella, Director of Economics.

### Main contributors to this publication

Marcin Wolski, EIB.

### Disclaimer

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

### About Ipsos Public Affairs

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.

# EIBIS 2016 – COUNTRY OVERVIEW

## Belgium

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative 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 480 firms in Belgium in 2016 (July-October). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

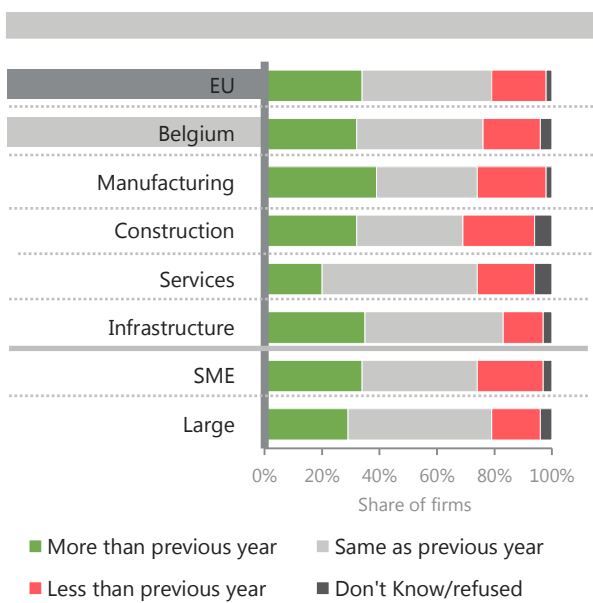
### Key results

<b>Investment outlook:</b>	<b>Investment outlook is positive overall:</b> the investment dynamics are, to a large extent, driven by bigger enterprises.
<b>Investment activity:</b>	<b>88% of firms invested</b> in the last financial year, with an intensity (investment per employee) close to the EU average.
<b>Investment gap:</b>	<b>12% of firms report having invested too little</b> over the last three years, while only 5% think they invested too much. Overall, firms in Belgium consider 42% of their machinery and equipment to be state-of-the-art, similar to the EU average of 44%. On average, firms estimate 36% of their building stock to satisfy high efficiency standards, again in line with the EU average.
<b>Investment barriers:</b>	<b>Political and regulatory climate</b> , and uncertainty about the future are perceived to be the main barriers in the long run to implementing investment, in line with the EU-wide trends.
<b>External finance:</b>	<b>6% of firms are finance constrained:</b> this is the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying; in line with the EU average.
<b>Firm performance:</b>	<b>Firms are at the EU-average levels in terms of productivity</b> , although there is less within-sector dispersion.

# INVESTMENT DYNAMICS

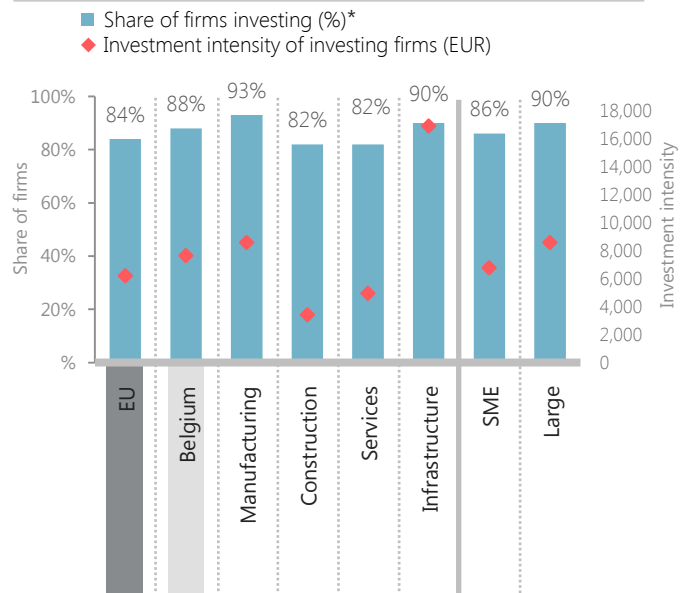
- Survey results indicate that 88% of companies in Belgium invested in the last financial year, in line with the EU average.
- Manufacturing companies were more likely than firms in other sectors to invest (93%, vs. 88% overall).
- The intensity of investment (investment per employee) stood at around EUR 7600 per employee, rising to 16,890 for firms in the infrastructure sector.

## Investment activity in last financial year compared to previous



**Base:** All firms who invested in the last financial year  
Q. Overall was this more, less or about the same amount of investment as in the previous year?

## Investment activity in last financial year

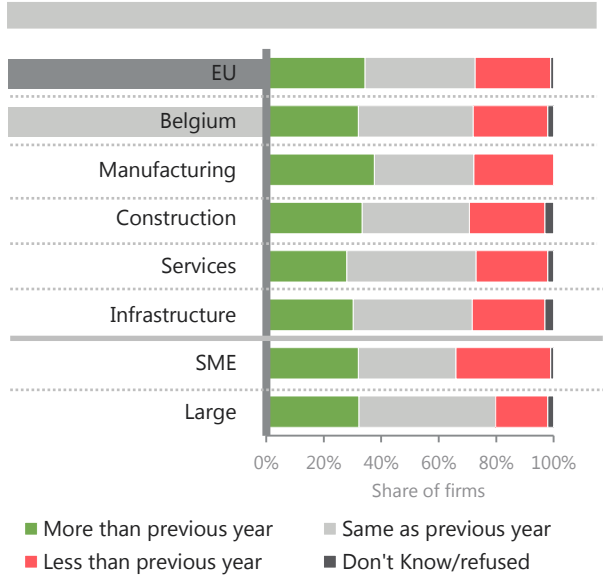


**Base:** All firms (excluding don't know/refused responses)  
\*The blue bars indicate the proportion of firms who have invested in the last financial year.  
A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.  
Investment intensity is the median investment per employee of investing firms.

- Overall, investment activities in Belgium are in line with the EU average, with the net balance pointing towards investment expansion in all but the service sector.
- On average firms in Belgium expanded their investment activities, with 32% of companies investing more and 20% of firms reducing their investment compared to the last financial year.

- Investment outlook remains in line with the EU, and is largely stable across the sectors. The net figures highlight a modest investment contraction among SME firms.
- Nearly one third (32%) of firms in Belgium plan to expand their investments, while around a quarter (26%) forecast a contraction in the current financial year.
- Investment reduction is foreseen mostly in the SME sector, while large enterprises have stable investment plans.

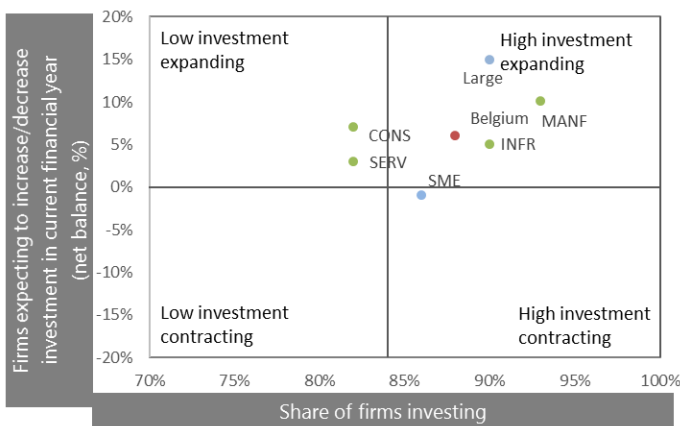
### Expected investment in current financial year compared to last one



**Base:** All firms

Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

### Investment cycle



**Base:** All firms

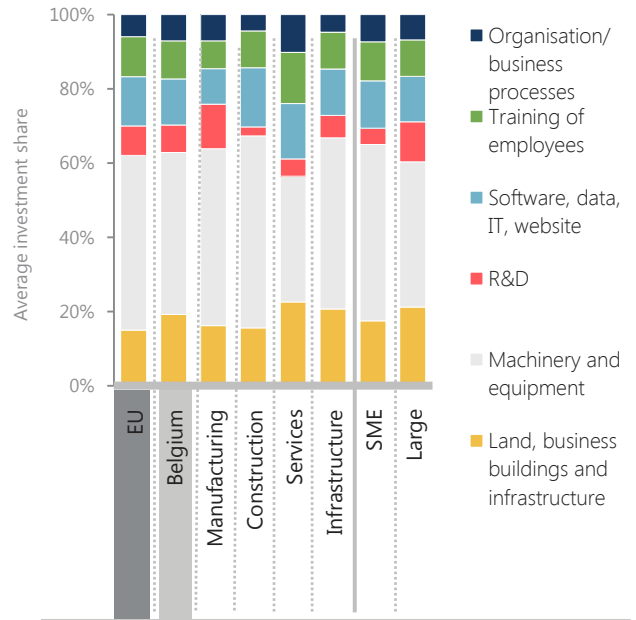
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

- The firms' investment activity places Belgium in the 'high investment; expanding' quadrant on the investment cycle.
- While construction and service sectors show relatively lower levels of investment activity, they plan to expand in the current financial year.

# INVESTMENT ACTIVITY

- Investment areas of companies in Belgium are consistent to EU trends of investment.
- 44% of investments fall into machinery and equipment, followed by 19% spent on land, business buildings and infrastructure.
- Intangibles constitute almost 40% of investments in Belgium and are dominated by software, data, IT, website (12%) and training (10%).

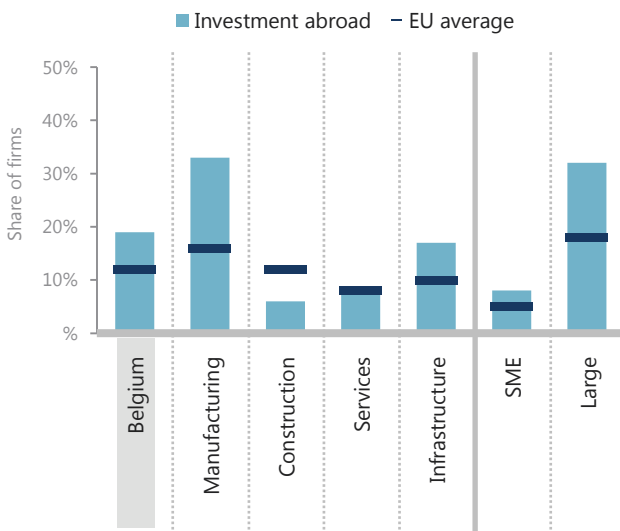
## Investment areas



**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?

## Investment abroad

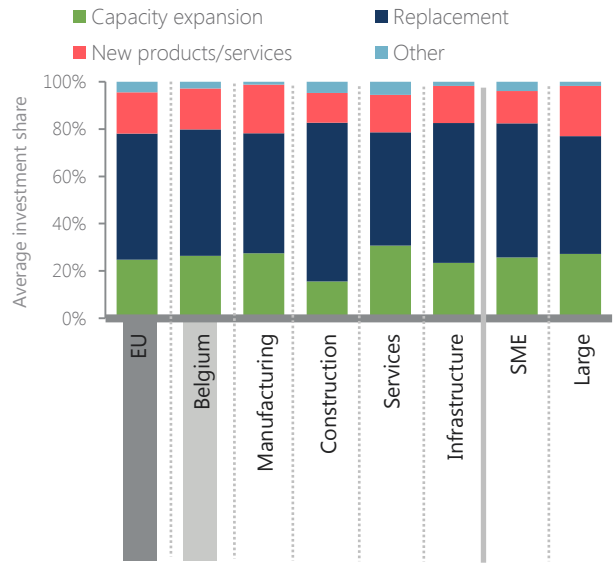


**Base:** All firms who invested in the last financial year  
Q. In the last financial year, has your company invested in another country?

- Nearly a fifth (19%) of firms in Belgium have invested abroad, above the EU average of 12%.
- Investment abroad was mainly dominated by large companies and firms in the manufacturing sector (32% and 33% respectively).

- The majority of firm investment (53%) goes into the replacement of existing buildings, machinery, equipment and IT, in line with the EU aggregate.
- While 26% of firms' investment is allocated to the expansion of capacity, 17% goes into the development of new products, processes or services.

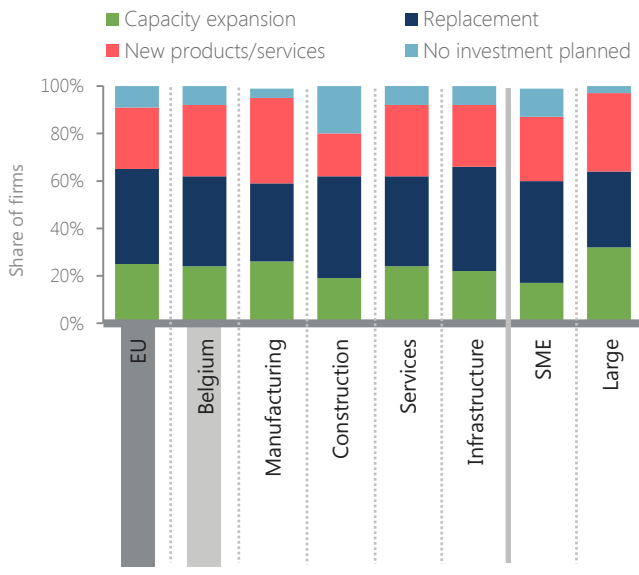
### Purpose of investment in last financial year



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

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

### Future investment priorities



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

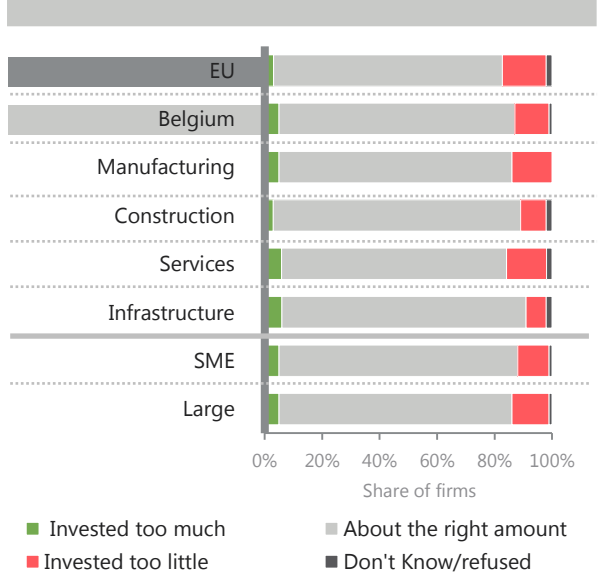
Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Looking ahead, the investment priority for 38% of firms is replacement; followed by the development of new products; processes or services (30%); and capacity expansion (24%).
- Large companies are more likely to prioritise investment in capacity expansion than larger firms going forward.

# INVESTMENT NEEDS

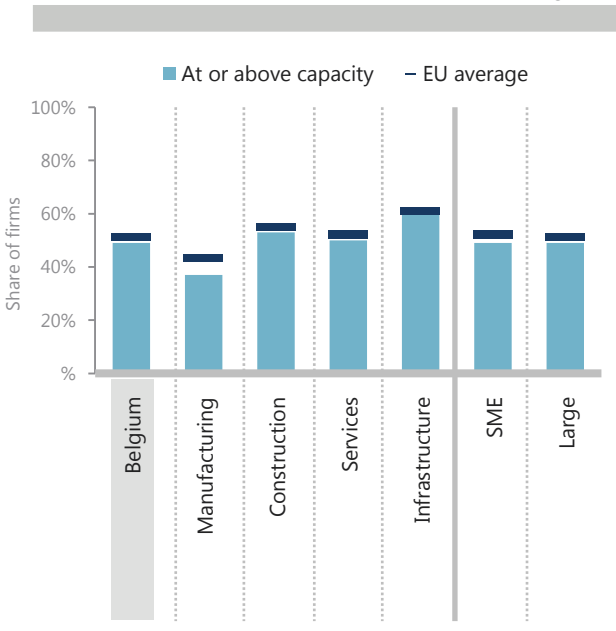
- Over eight in ten (82%) invested the right amount over the last three years, in line with the EU average.
- Overall, 12% of companies in Belgium report that they invested too little, which is also in line with the EU average.

## Perceived investment gap



**Base:** All firms (excluding 'Company didn't exist three years ago' responses)  
Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

## Share of firms at or above full capacity



**Base:** All firms (data not shown for those operating somewhat or substantially below 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.

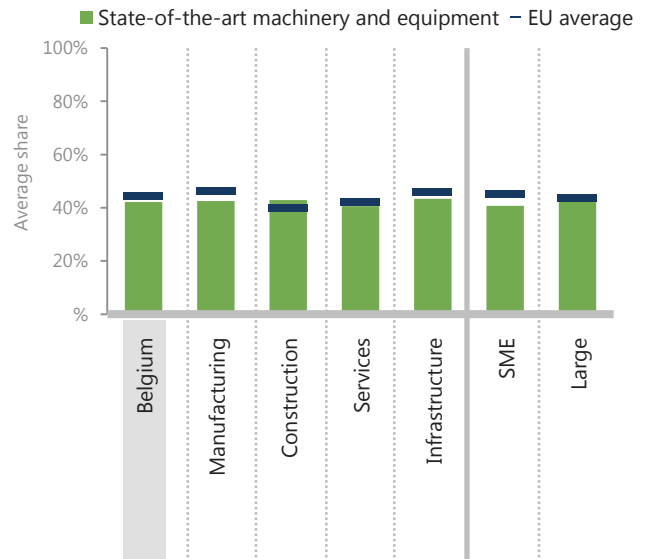
Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

- Nearly half (49%) of companies in Belgium reported that they operated at or above their capacity, which closely corresponds to the EU as a whole.
- Besides the manufacturing sector, capacity utilisation is largely consistent across sectors and firm size.



- Overall, firms in Belgium consider 42% of their machinery and equipment to be state-of-the-art, similar to the EU average of 44%.
- The above proportion is consistent across the different sectors and sizes.

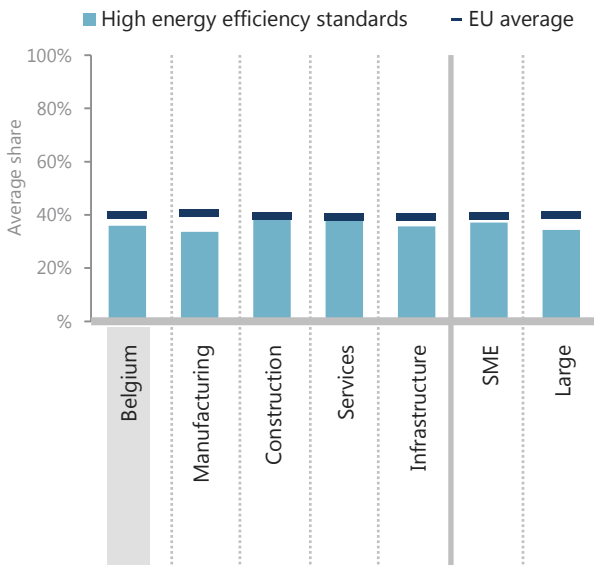
### Average share of state-of-the-art machinery and equipment



**Base:** All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

### Average share of building stock meeting high energy efficiency standards



**Base:** All firms

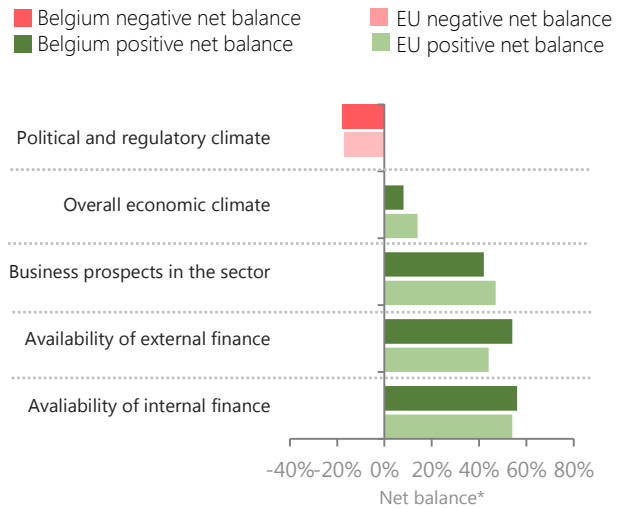
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- Firms in Belgium estimate 36% of their building stock to satisfy high efficiency standards, again in line with the EU average.

# INVESTMENT CONSTRAINTS

- The political and regulatory climate is cited as the main short term obstacle to investment for firms in Belgium, in line with European trends.
- Overall, firms consider business prospects, availability of external and internal finances as favourable to investment in Belgium.

## Short term influences on investment

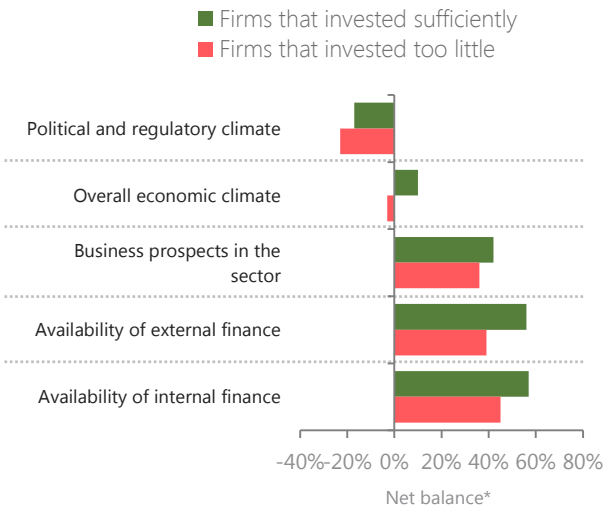


**Base:** All firms who have planned to invest in the current financial year

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

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

## Short term influences by investment performance



**Base:** All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

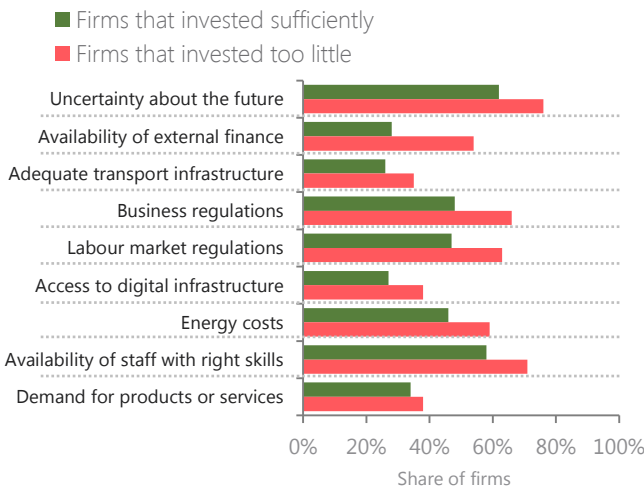
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

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

- Firms in Belgium that invested too little over the past three years are generally more cautious in considering influences to be positive or negative than firms that invested sufficiently during that time. Among firms that say they invested too little, the economic climate seems to be non-favourable, confirming the modest growth prospects of Belgian economy.

- Uncertainty about the future appears to be the most significant long term barrier to investment, the same as in the EU on average.
- Nearly 60% of companies in Belgium report that availability of staff with the right skills is a barrier.
- Almost half of firms consider business and labour market regulations and energy costs as long term impediments to investment.

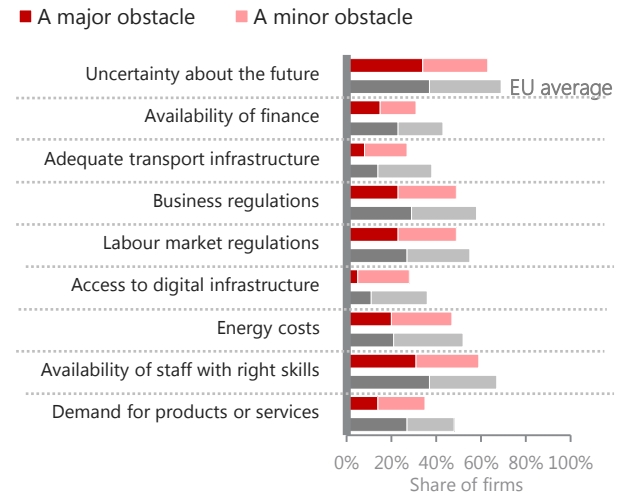
### Long term barriers by investment performance



**Base:** All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

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

### Long term barriers to investment



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

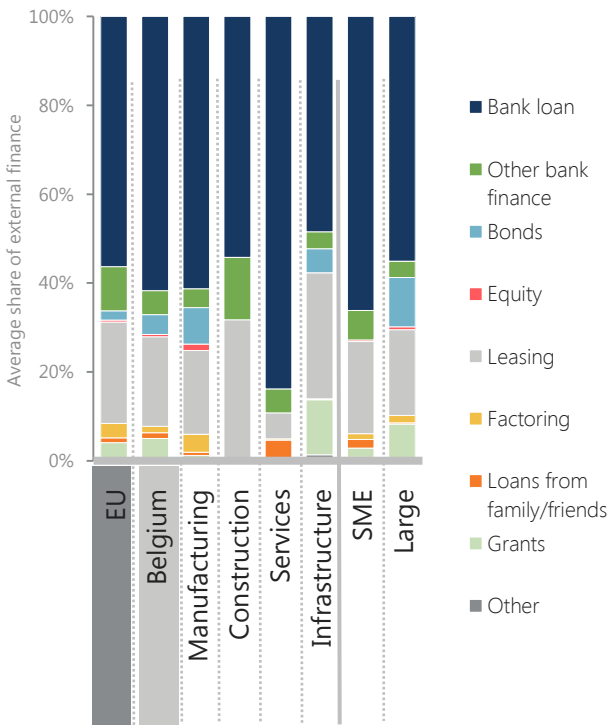
Q. Thinking about your investment activities in Belgium, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

- The availability of external finances, business and labour market regulations are perceived as stronger long term barriers for firms reporting to have invested too little (compared to firms that consider to have invested sufficiently).

# INVESTMENT FINANCE

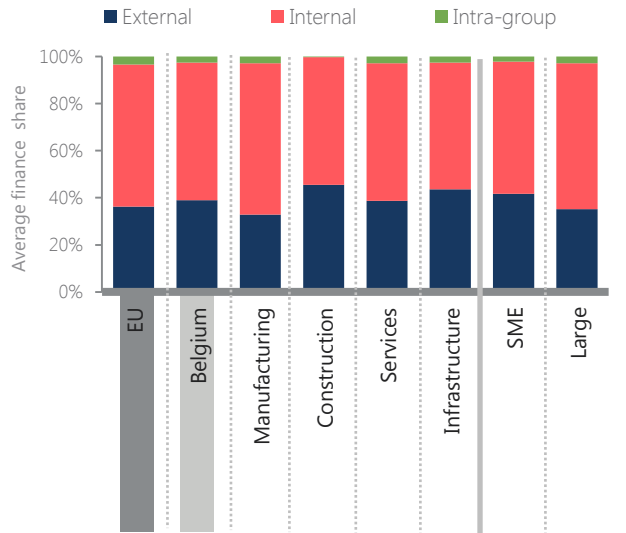
- Nearly three in five (59%) companies in Belgium rely on internal funds to finance their investment activities, in line with the EU average.
- Bank loans are the most popular source of external finance.
- Although firms in Belgium are fairly satisfied with external finance, collateral requirements are seen by 15% as unsatisfactory.

## Type of external finance used for investment activities



**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?

## Source of investment finance



**Base:** All firms who invested in the last financial year (excluding don't know/refused responses)  
 Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

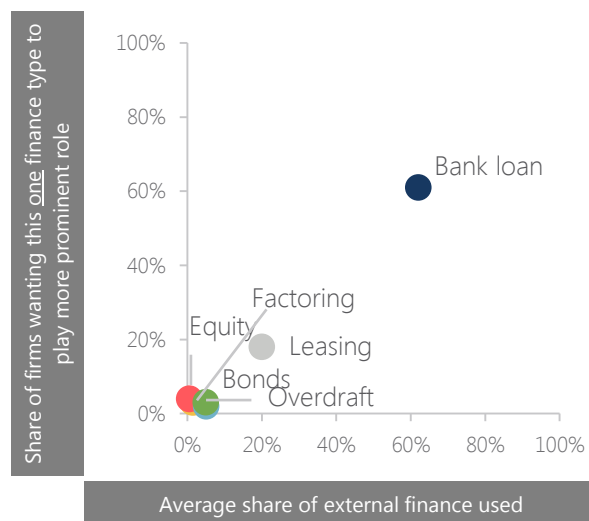
## Satisfaction with external finance



**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)  
 Q. How satisfied or dissatisfied are you with ...?

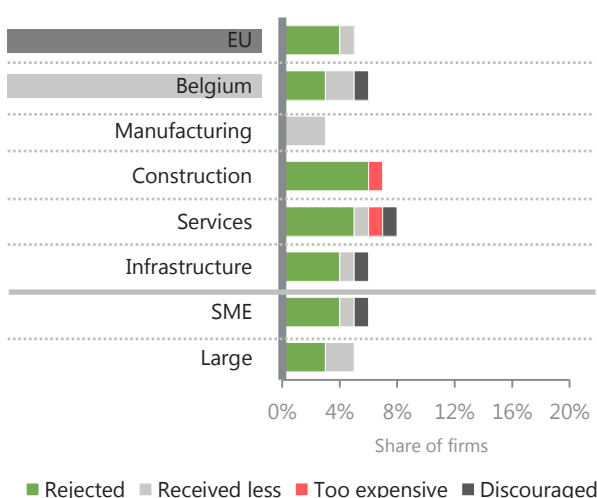
- Companies in Belgium would like to concentrate their external financing in bank loans and, to a lower extent, in leasing. This suggests a comfort among firms in Belgium with traditional finance activities.

### Types of finance used versus the one type of finance firms want to use more



**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)  
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

### Share of finance constrained firms

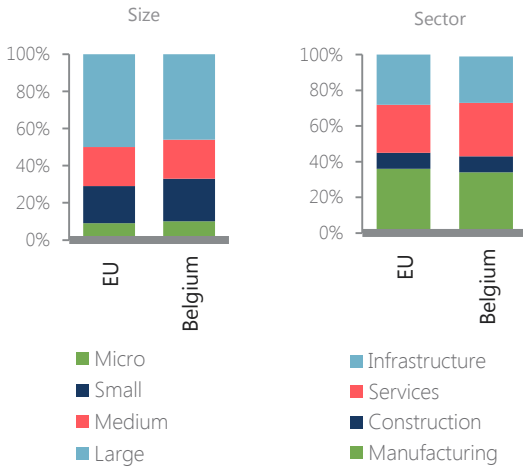


**Base:** All firms  
Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too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

- Six per cent of firms in Belgium can be viewed as external-finance constrained, in line with the EU average.

# PROFILE OF FIRMS

## Contribution to Value-Added

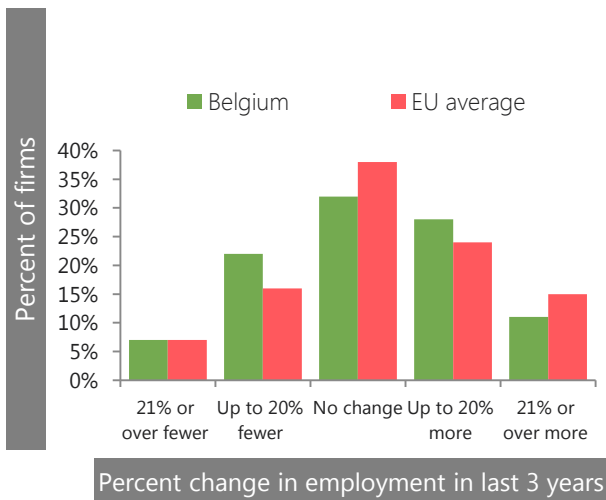


**Base:** All firms

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+.

- The distribution of firms in Belgium by size and sector in terms of contribution to added-value corresponds to the EU distribution.
- Overall, employment in Belgium is marginally skewed towards employment reduction, compared to the EU-wide numbers.
- Productivity of more than a third of firms in the manufacturing and service sectors falls into the top EU quantiles, and is above the EU averages.

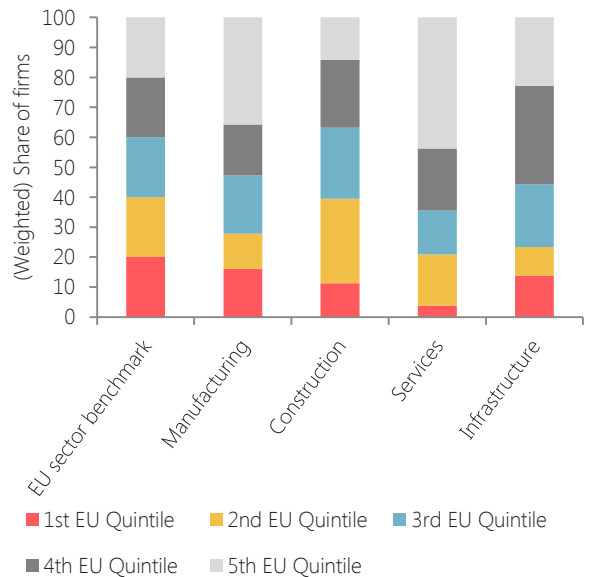
## Employment dynamics in last 3 years



**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?

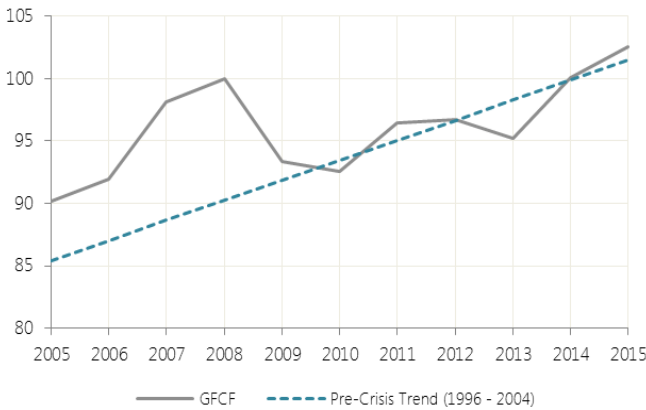
## Distribution of firms by productivity class



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

# MACROECONOMIC INVESTMENT CONTEXT

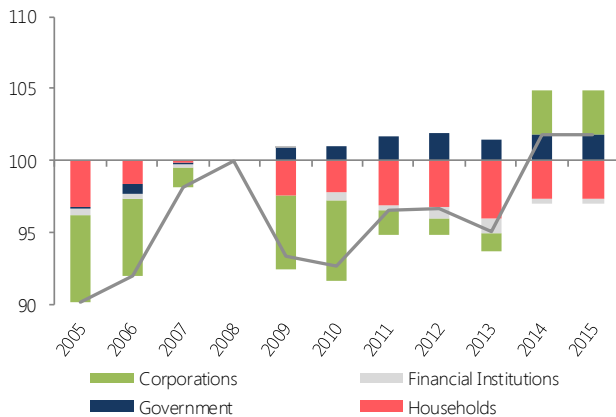
## Investment Dynamics over time



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat .

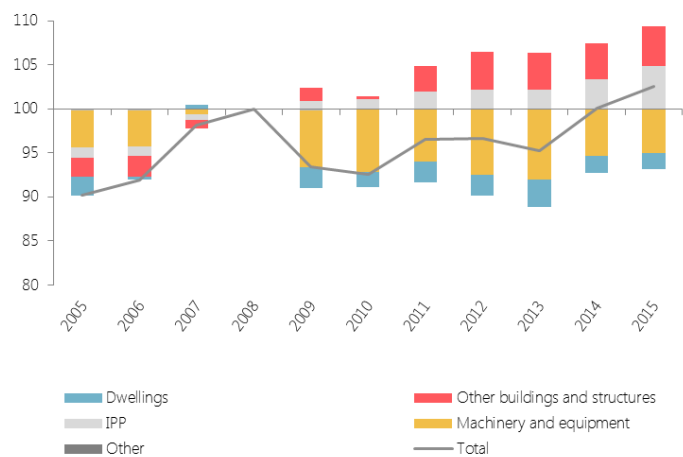
- In 2014 the aggregate investment recovered to the 2008 levels and continues an increasing trend.
- Investment seems to be driven mostly by corporates and government, with households consecutively cutting down investment expenditures.
- Investment is to be observed in IIP and other buildings and structures, whereas machinery and equipment still underperform.

## Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat .

## Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat .

# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

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.

## Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Belgium	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(480)	(148)	(91)	(108)	(133)	(384)	(96)	(12483 vs 480)	(148 vs 91)	(384 vs 96)
10% or 90%	1.0%	2.8%	4.8%	5.8%	5.6%	5.1%	2.7%	5.1%	2.9%	7.5%	5.8%
30% or 70%	1.5%	4.2%	7.3%	8.8%	8.5%	7.7%	4.0%	7.8%	4.5%	11.4%	8.8%
50%	1.7%	4.6%	8.0%	9.6%	9.3%	8.5%	4.4%	8.5%	4.9%	12.5%	9.6%

## 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



# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

## Base sizes

Base definition and page reference	EU	Belgium	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	480	148	91	108	133	384	96
All firms (excluding don't know/refused responses), p. 2	11838	468	142	89	106	131	376	92
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	476	147	91	106	132	380	96
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	480	148	91	108	133	384	96
All firms (excluding don't know, refused and missing responses), p. 13	12162	468	143	90	104	131	379	89
All firms who invested in the last financial year, p. 2	12281	478	146	91	108	133	383	95
All firms who invested in the last financial year, p. 4	10881	444	138	80	98	128	352	92
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	418	129	77	89	123	332	86
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	409	132	66	91	120	323	86
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	324	91	63	69	101	264	60
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	429	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	191	55	38	35	63	156	35

## Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.










**European  
Investment  
Bank**

*The EU bank*

**Economics Department**

 [economics@eib.org](mailto:economics@eib.org)  
[www.eib.org/economics](http://www.eib.org/economics)

**Information Desk**

 +352 4379-22000  
 +352 4379-62000  
 [info@eib.org](mailto:info@eib.org)

**European Investment Bank**

98-100, boulevard Konrad Adenauer  
L-2950 Luxembourg

 +352 4379-1  
 +352 437704  
[www.eib.org](http://www.eib.org)

