

Roadmap to
sustainable prosperity

En Route!



“The best way
to predict the future,
is to create it.”

Abraham Lincoln

Change is timeless. With this huge cliché, it would be relatively easy to strip the current era of its uniqueness. But the pace, simultaneity, and abruptness with which (some of) these changes are currently unfolding creates an extremely challenging situation for citizens, businesses and governments. A situation that is also quite unique for the current generation of executives and business leaders. Inspired by our members' initiatives and solutions, our conviction as a sector federation is that we must seize this opportunity with the necessary energy, resolve and ambition. Because this is the only way we can benefit from it, as a country and even as a continent.

We do this with enthusiasm, because we believe in progress. Therefore, not with a sense of gloom about a future that could or – as some claim – should only be less. No, we sincerely believe that we can handle this. In many aspects, this era is the best one to live in. With Europe undoubtedly one of the best places to spend that time.

By the same token, recent years have clearly taught us that we cannot take this for granted. The ambition must be a shared project for the future, for our country and Europe. A project to which a maximum of individuals, organisations, companies and governments are committed. And sufficiently forward-looking, hence transcending legislative terms. After all, societal challenges do not stop at the end of a political term.

“Le modèle européen est en danger si nous oblitérons le principe de la responsabilité personnelle.”

Jacques Delors

One thing is clear: an expectation pattern based exclusively on increasing state intervention – étatization – is suboptimal for shaping the future and driving change. Even Jacques Delors, who co-founded the European internal market, knew this. Ill-considered and excessive public spending is not the solution. The same goes for over-regulation and gold-plating. Are we saying that the government has no role to play? On the contrary: it has the opportunity to create the right framework and provide the right incentives for our businesses to flourish.

There is a need for space for entrepreneurship, market forces and competition, innovation, research, and personal development. And for ambitious entrepreneurs to use that space. Europe is pre-eminently the continent where SMEs shape entrepreneurship. 99% of all companies in the EU are micro, small or medium-sized enterprises, together employing some 100 million people. The situation is no different in Belgium where 70% of Agoria members are also SMEs. All these small businesses need to be nurtured.

“The measure of intelligence is the ability to change.”

Albert Einstein

In this memorandum, we have described what Agoria thinks needs to be done. How we can embrace the challenges of today and tomorrow and help shape them. And the role that governments we have described what to play in this. How they can use their revenues optimally and make the most of their legislative and executive powers.

This (near) future, we believe, can be reduced to three major societal issues: geopolitics and industrial policy, the green transition and digitisation. These challenges are a common thread throughout our recommendations, which we have organised into 12 chapters (e.g. Education and Training, Labour Market, Energy and Climate). In each one, we clearly link to our Technology for a Better World sustainability strategy and other Agoria projects, such as Be The Change. The horizon of these projects also lies beyond the next legislature, by the way.

The ability to change and develop competencies as a society, economy, business and individual will determine our prosperity in the future. Even Einstein taught us that.

Enjoy reading!



Bart Steukers,
CEO Agoria



Lode Peeters,
President Agoria

According to Agoria, the societal challenges for Belgium and Europe revolve around three axes: geopolitics and industrial policy, green transition and digitisation.

1. Geopolitics and industrial policy

Covid-19, the war in Ukraine, US policy and China's position on the world stage: this series of recent challenges impact the international context in which the movement of goods, services, people, capital and data takes place. Other developments, such as the burgeoning potential of Africa - its population is estimated at 2.5 billion by 2050 - and the growth in Asia - India has averaged 6% GDP growth over the last 20 years - will add to this in the future.

Supply chains are under pressure or being reconstrued, import and export restrictions are (partially) walling up markets that were previously taken for granted. Furthermore, ideas around reshoring made their appearance, along with indications of flaring protectionism – for example, the Inflation Reduction Act in the US.

If the EU wants to maintain 18% of global GDP and the prosperity of its 450 million inhabitants against the background of a (rapidly) aging population, the right choices must be made in the framework of the EU Green Deal Industrial Plan and as a player on the international stage. The same applies for Belgium.

Three perspectives are important here. First, markets and growth potential. According to the European Commission, 85% of global added value in this decade will be created outside the EU. In another study (2017), PwC¹ concluded that the 10 countries with the highest average annual growth rates in terms of GDP between today and 2050 will all be in Asia or Africa. Not illogical, since together those two continents account for about 80% of the world's population.

¹ pwc-the-world-in-2050-full-report-feb-2017.pdf: Vietnam, India, Bangladesh, Pakistan, Philippines, Nigeria, Egypt, South Africa, Indonesia and Malaysia

Moreover, a relatively high percentage of the population there still wants and expects their standard of living to rise. Commitment to international trade therefore remains crucial, as does the conclusion of new trade agreements and the ratification of trade agreements already in place. Especially for our country's very open economy, this is an absolute necessity.

Second, an open view of the world is also indispensable for acquiring the raw materials of the future. The green transition (see second challenge) is driving demand for minerals, such as lithium, cobalt, nickel and copper. A few figures: according to the International Energy Agency (IEA), 70% of cobalt comes from Congo. China, in turn, accounts for 60% of rare earth minerals and graphite. Plus, half of the world's nickel comes from 3 countries: Indonesia, the Philippines and Russia. If we want to realise the transition to a more sustainable economy with a European manufacturing industry, we will have to trade with these countries. Just as we must structurally dare to invest even more in the maximum circularity of critical raw materials.

Finally, all developments in the digital domain - data traffic and storage, privacy rules, cybersecurity ... - also have an important international, geopolitical component. And here too, Europe is objectively not the leading force. Big tech, GAFA and other buzzwords bring to mind American companies in an almost Pavlovian manner. But that's not all, because Chinese tech also has its acronym with BATX² and is increasingly global. Cybersecurity, on the other hand, has a rather negative connotation, due to the possible consequences of cyberattacks or the presence of Chinese components in the core of our fixed and mobile networks.

² BATX: Baidu, Alibaba, Tencent and Xiaomi

Although this need not be so. After all, there is much economic value to be mined within this domain, as recently highlighted by Agoria³. The same goes for the potential of the data economy. Europe is trying to steer the ship in the right direction and is taking initiatives, including the Chips Act and Gaia-X. But more is needed than that. Too often, Europe is still the regulatory champion. Regulations are unleashed on the industrial fabric in large quantities and at speed, without always assessing their impact. Agoria therefore advocates a competitiveness check⁴ and regulatory sandboxes before implementing new legislation.

In addition to a purely industrial policy - with government involvement and intervention to provide direction and encourage economic activity through tax incentives, investment incentives or subsidies, among other things - we need a strong economic policy with attention to competitiveness and the labour market. Belgium urgently needs to work towards a much better functioning labour market.

Numerous statistics and analyses⁵ show that our country will not reach the collectively established objective of 80% employment rate by 2030 if policies do not change. Today, we are at just under 72%. Nonetheless, Scandinavian countries, Germany and the Netherlands, among others, are achieving the 80% target relatively easily.

The big problem is almost 1.5 million inactive people - people who do not have a job and are also not looking for one. Despite the fact that record levels of job vacancies have been recorded for months, including for low to unskilled profiles. For our sector alone, this amounts to 20,000 vacancies. This is a missed opportunity in terms of added value, contributions to public finances and personal development. In short, a loss of potential.

On the one hand, it is imperative that we avoid even more people falling into such inactivity. On the other hand, we must make every effort to activate those who are currently inactive. The difference between working, looking for work and not working must therefore be greater. We therefore advocate attaching reinforcing conditions to the jobseeker's allowance and investing more in activation.

³ Whitepaper: First socio-economic study on the cybersecurity sector in Belgium | Agoria

⁴ EU Employers welcome Commission's decision to introduce a competitiveness check in EU policy and law-making - Joint press release by the EESC Employers' Group, BusinessEurope, SMEUnited and SGI Europe | BusinessEurope

⁵ Be The Change, Nothing Is What It Seems (2023) | Agoria

Furthermore, we need to work on the competitiveness of our enterprises. The labour cost handicap relative to 3 neighbouring countries increased by 5% in the period 2021-2023, despite the provisions of the 1996 law. This is a result of automatic wage indexation and its permanent effect on our wages. This also caused margins in our industry to be historically low in 2021 and 2022⁶, and we also lost market share relative to our neighbours and within a broader EU context. In order to stop this negative evolution, Agoria calls for the removal of automatic wage indexation, and free wage negotiations as in other countries.

Furthermore, the (parafiscal) framework around research and development needs to focus on its strengths. Here lies an important task for both the federal level and the regions. The current framework ensures that R&D centres are established here and that ecosystems are created. These in turn generate additional investment. The gem among R&D support measures remains, of course, the partial exemption from withholding tax payments for researchers.

The input additionality of this measure is unprecedented and confirmed by the Court of Audit and the Planning Office. For every euro reduction in government revenue, an average of 1.17 to 2.07 euros in private R&D investment takes its place. In other words, this measure must be preserved to the maximum extent. Also important are the deduction for innovation income, the R&D investment deduction and the expat statute, among others.

But the regions also play an important role. Consider, for example, achieving the 3% norm, knowledge diffusion and valorisation to businesses, and more demand-driven research.

Finally, we need to consider energy supply security and costs. Compared to our neighbouring countries, as well as Spain and Portugal, our country has provided relatively little support to industry to soften the blow of the war in Ukraine on energy costs.

⁶ 230123_margins_en.pdf (nbb.be)

In addition to energy prices, security of supply is a continuing concern of our members. Among other things, we call for a legal framework that allows nuclear plants to remain open, new plants to be licensed and investments in SMRs. And that within a time frame comparable to other countries that want to accelerate the development of this technology.

Realise the potential of the Elisabeth zone in the North Sea as quickly as possible, both the tender for new offshore wind capacity and the construction of the energy island and permit on land (Ventilus & Boucle de Hainaut). Fully exploit the utility of technological solutions, such as demand management. This will allow our businesses to maximally valorise the flexibility present in the system.

2. Green transition

Industry, the building stock and the mobility fleet are just a few of the many sectors and fields facing the transformation from fossil energy carriers to less environmentally damaging vectors. But also the digital sector, with its data centers, for example, must monitor and green its energy consumption. At Agoria, we place a strong emphasis on this. For example, in 2022 we launched our sustainability strategy⁷, a study on the contribution of digital technologies to climate challenges⁸ and our site on climate-neutral building, Build Your Climate⁹. So we are certainly not shirking our own responsibilities.

But more is needed. Internal studies at Agoria reveal that our country disadvantages electricity (para)fiscally the most compared to other energy sectors, such as natural gas. This is pernicious for home and business electrification, especially for the accelerated rollout of heat pumps and electric cars. Reversing the ratio in charges is a yardstick for the federal and regional levels. Another necessary catalyst for electric mobility is the rollout of sufficient (semi-)public charging infrastructure. The public sector has an exemplary role to play in this regard.

Furthermore, our industry is also facing a green transition, not least due to European initiatives within the EU Green Deal Industrial Plan (EU GDIP) in general, and the Net Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA) in particular. Not to mention CBAM and other CSRD regulations.

In terms of circular economy, there are great opportunities for our country. Due to our strong ecosystem in the production and recycling of various critical materials, we are very well placed to play an important role in this strategic transition. But an integrated policy is required that uses the levers we have in our hands to remain attractive as a country/region for existing production, as well as new investments. We must ensure adequate, attractive investment support and remove inconsistencies and administrative burdens in the existing legislative framework. Finally, continue efforts in areas in which our country is already trying to take the lead, such as offshore wind energy and the creation of Belgium as a hydrogen hub.

⁷ Technology for a better world | Technology for a better world

⁸ Digital4Climate | Agoria

⁹ Construction Professionals | Agoria

3. Digitisation

Today, digital technology is already pervasive in society and the economy, and this will only increase in the future. Besides being a growth sector that creates jobs and value, it is above all a vector for improvement in all other sectors. After all, digital technology offers answers to economic, climate, environmental and social challenges. Its growing importance is reflected in the numbers. In the sector itself, employment in information and communication technologies (ICT) has increased by almost a third over ten years (from 2012 to 2022).

The digitisation of society and the economy is further illustrated by the growing share of digital experts in the economy, across all sectors. More than 60% of digital experts are active outside the ICT sector (e.g., financial sector, public services, industry) and the share of digital experts in total employment in Belgium has increased by 15% since 2016. But the importance is also reflected in data volume. According to IDC¹⁰, the total volume of data worldwide rose from 2 to 64 Zettabytes between 2010 and 2020, and will continue rising to 181 Zettabytes¹¹ by 2025, driven by AI, IoT, blockchain, FoF, smart mobility, and so on.

However, Belgium is losing ground in the European ranking. According to the European Commission's Digital Economy and Society Index (DESI), we have dropped from 5th to 16th place in a relatively short time. The country and its regions must adopt an ambitious, coordinated strategy and work within 4 key areas: increased digital skills and experts, secure and sustainable digital infrastructures (mainly telecom), digital acceleration of businesses and digitisation of public services.

A performant basic digital infrastructure is crucial. However, our country has lost a lot of time with the rollout of 5G, and it is now high time to shift up a gear for the fibre network as well. In terms of skills, we need to focus on 4 areas: provide more training for digital experts, develop digital skills for all through public-private partnerships, facilitate in-service training for workers and attract more foreign workers. In the business world, the adoption and use of new technologies needs to accelerate, think artificial intelligence, Web 3.0 and blockchain.

In terms of eGov, Belgium lags behind the European average, especially in terms of open data and digital public services for citizens. On the one hand, we must continue the digitisation of public services and, on the other hand, cooperate as much as possible with the private sector in order to make services more efficient (unfair competition from public IT bodies must be avoided in this regard).

¹⁰ Total data volume worldwide 2010-2025 | Statista

¹¹ In human language, 181 Zettabytes means that with a group of four people you can listen to music continuously every minute for more than a century or alternatively the equivalent of a stack of books 24,000 times the distance from the earth to the sun.

10 focal points

1. Take full advantage of the momentum and renewed focus on (European) industrial policy.

Make a positive choice for strategic, forward-looking projects and ecosystems around, e.g., offshore wind energy, batteries and EV (automotive), hydrogen ...

2. Retain as much as possible the existing (para)fiscal system for supporting research and development.

Maintain the 3% GDP R&D effort, including in the next legislature. Maintain the exemption from withholding tax for researchers, the deduction for innovation income, the R&D investment deduction, and make the expat statute more interesting again. Maintain its accessibility for start-ups and SMEs.

3. Become a European leader in education and training to maximise entry into the technology industry.

Commit fully to STEM. Guarantee basic STEM knowledge and digital skills in the basic education of every pupil and student. Maximise partnerships with employers, training centres and digital providers. Sufficient suitable talent is primordial for all our companies, both big players and SMEs.

4. Create a clear financial difference between working, looking for work and not working.

Attach reinforcing conditions to job seekers' benefits. Invest more in activation.

5. Lift automatic wage indexation by the end of the legislature.

Until then, the strict application of the 1996 wage norm law is necessary to eliminate the wage cost handicap. Then install a biennial negotiation between the social partners.

6. Maintain an open outlook on foreign countries, both for trade and talent.

Conclude new trade agreements and ratify existing ones, at all levels. Remove barriers to the full realisation of the internal market. Focus on economic migration and invest in Belgium's image and attractiveness as a place to work.

7. Ensure energy supply security and realise the green tax shift.

Turn the nuclear exit law into a legal framework to keep existing nuclear power plants open and license new ones. Realise the Princess Elisabeth zone in the North Sea. Reduce charges on electricity relative to fossil fuels to accelerate electrification among citizens and businesses (e.g. heat pumps, electric mobility).

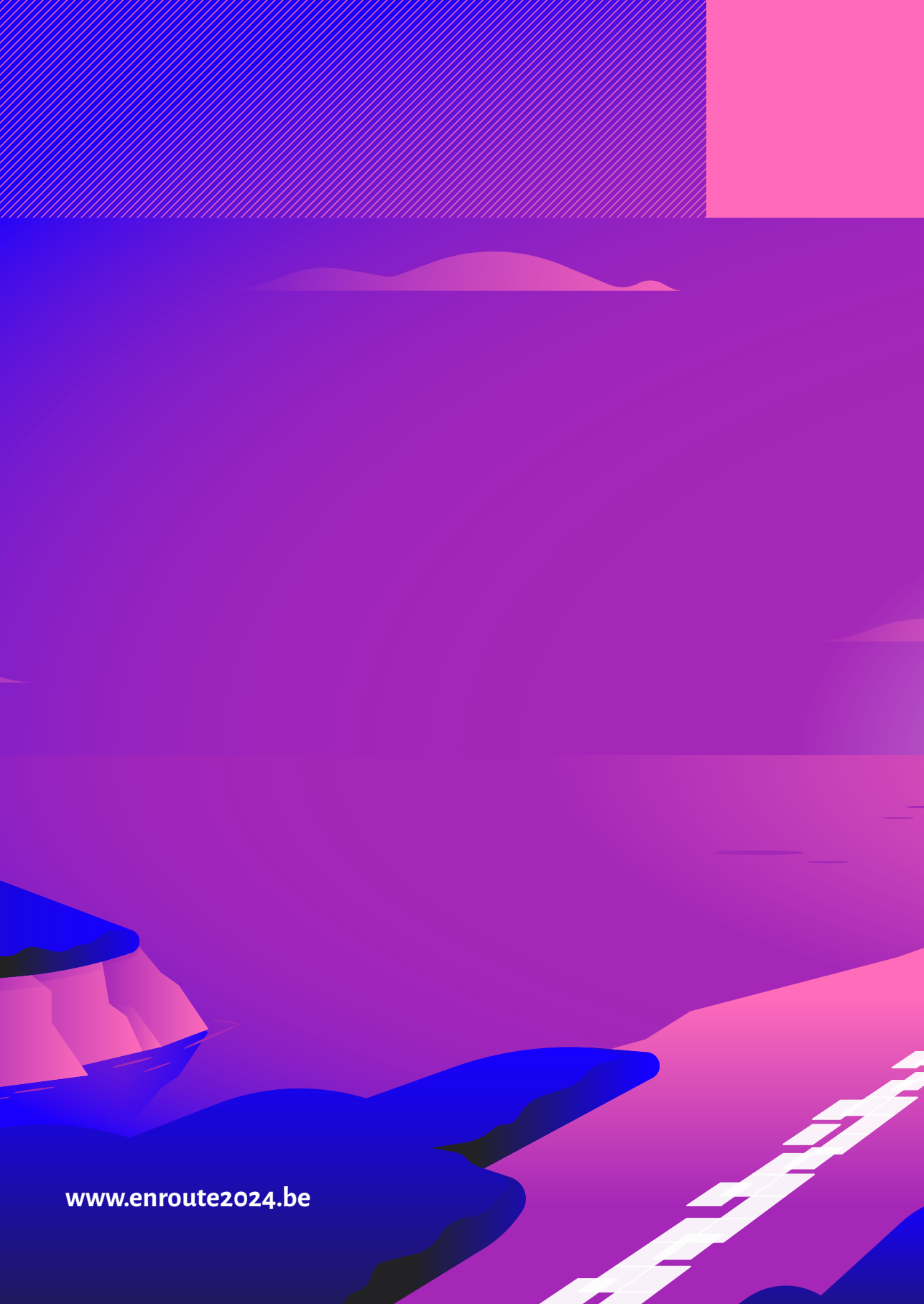
8. Strengthen the circular ecosystem already in place and make full use of the opportunities of the new European initiatives within that domain, especially around critical raw materials.

9. Commit to digital sovereignty.

Roll out a performant fixed network and a 5G network with WHO-level radiation standards. Invest resources in awareness building and application of cybersecurity and artificial intelligence. Develop and exploit the opportunities of the data economy.

10. Avoid and reduce unnecessary administrative obligations, avoid gold-plating when transposing European regulations.

Provide maximum digital service from the government and procedures with short lead times.



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