

EUROPEAN COMMISSION

Valdis Dombrovskis
Vice-President
Rue de la Loi 200
1049 Bruxelles

Brussels, 27 -09- 2018

Our references

Annex(es)
2

Subject : TSCG – Full Compliance

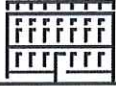
Dear Vice-President of the European Commission

On 22 February 2017, the European Commission published a report under Article 8 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG). The European Commission concluded that the national provisions adopted by Belgium are compliant, but subject to the adoption of the amendments announced by the national authorities on the functional autonomy of the monitoring institution and applying the comply-or-explain principle.

We would like to announce that all national provisions have been adopted. Accordingly, Belgium fully complies with the requirements set in article 3(2) of the TSCG and in the common principles on national fiscal correction mechanisms.

As set out in our letter of July 2016, we amended the legal provisions of the High Council of Finance to strengthen the independence of this body, and in particular of the Section "public sector borrowing requirements" (HCF-PB). The Royal Decree concerning the High Council of Finance was published on 31 May 2018 in the Belgian Official Gazette (*"le Moniteur belge"*). Furthermore, provisions concerning the appropriate resourcing of the HCF-PB and its capacity to communicate freely were addressed via the new Royal Decree. A copy of the Royal Decree can be found in the annex A.

Regarding access to information of the monitoring institution, the European Commission remarked that the scope of adequate provisions was limited to the information needed to assess the progress of the correction. The protocol of 27 September 2018, formally sets up an exchange of information between the Institute of National Accounts (INA) and the HCF-PB. The INA consists of representatives from three major institutions: the Directorate-General Statistics and Economic Information, the National Bank of Belgium and the Federal Planning Bureau and produces statistics and economic forecasts on the Belgian economy. This document should guarantee that the HCF-PB has access to all the information it needs to fulfil its mandate. A copy of the protocol can be found in the annex B.



Finally, the European Commission flagged in its report that the comply-or-explain principle was only partially provided for in law. Only with respect to the identification of a significant deviation, article 4(2) of the 2013 Cooperation Agreement states clearly that the entity where the deviation occurs should explain the deviation and adopt corrective measures. However, no legal provisions establish a comply-or-explain principle in relation to the assessments of the HCF-PB on the occurrence of exceptional circumstances and the progress of the correction as regards the balanced-budget rule for the general government.

Belgium, represented by the signatory governments, would like to confirm that the Belgian legal framework is already and will continue to be consistently applied in line with the comply-or-explain principle as laid down in the Commission's Communication on common principles for national fiscal correction mechanisms.

We are convinced that, thanks to the listed actions taken hereabove, Belgium is now fully compliant with the requirements as laid down in the TSCG and the adopted Commission's Communication of June 2012 on common principles.

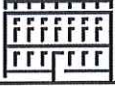
Sincerely,

For the Flemish Government:

Bart TOMMELEIN
Minister for Budget, Finance and Energy

For the Government of the German Community:

Oliver PAASCH
Minister President of the German Community



For the Walloon Government:

Jean-Luc CRUCKE
Minister for the Budget, Finance, Energy, Climate and Airports

For the Government of the Brussels-Capital Region:

Guy VAN HENGEL
Minister of Budget and Finance

For the Jointed College of the Common Community Commission:

Didier GOSUIN
Member of the Jointed College, in charge of Health Policy, Civil Service, Finance, Budget,
Heritage and External Relations



Office of the Minister of Finance
in charge of Combating Tax Fraud

For the Federal Government:

Johan VAN OVERTVELDT
Minister of Finance

Sophie WILMÈS
Minister of the Budget