



JRC SCIENCE FOR POLICY REPORT

RIO Country Report 2017: Belgium

*Research and Innovation
Observatory country
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Summary

This report provides a brief analysis of the Belgian Research and Innovation (R&I) system covering the economic context, main actors, funding trends and human resources, policies to address R&I challenges, and R&I in national and regional smart specialisation strategies. The data used is from Eurostat, unless otherwise referenced.

Economic situation

Economic growth was 1.2% in 2016, but is expected to continue to strengthen and reach 1.7% in 2019. Unemployment is expected to fall progressively to 6.8% in 2019. The inflation rate peaked at 3.0% in the first quarter of 2017, but is expected to drop to 1.6% in 2019. The budget deficit is expected to drop to 1.5% in 2019 due to the economic recovery and further budgetary measures. The Belgian economy is amongst the most productive in the Euro area, but labour productivity gains in the services sector have been more modest than in neighbouring countries.

Challenges for R&I policy-making in Belgium

The Belgian R&D intensity reached 2.49% (2016) with most of R&D investments being made by private business reaching a research intensity of 1.73% in 2016. Private R&D is concentrated in a few large companies notably in the pharmaceutical and chemical sectors. The main innovation challenges in Belgium are:

- Promote fast growing enterprises in innovative and less innovative sectors: A long-standing issue in Belgium's innovation performance is to make innovation more widespread ensuring a higher economic impact. Promoting more innovative high growth firms (HGIEs) in all sectors is a deficit and challenge.
- Addressing the shortage and mismatch of human resources for R&I: demand for STEM students exceeds the number of graduates, and is exacerbated by a skill mismatch.

Main R&I developments in 2017

- **For HGIEs** some policy measures target innovative enterprises directly, but providing favourable framework conditions for HGIEs is equally important and a point requiring attention. Overall assessment of the policies towards HGIEs is positive. Belgium is not among the very best countries as far as framework conditions for HGIEs are concerned, but it is amongst the "near frontrunners".
- **With respect to the skill mismatch** on the labour market, new initiatives are taken to ensure job seekers possess skills in high demand and are familiar with new technologies. In particular the communities and regions are reforming the secondary education system as a response to this challenge.

Smart Specialisation Strategies

- In Wallonia, the regional innovation strategy is a core component of the "Marshall Plan 4.0", which foresees a budget of €642m for the innovation component (2015-2019), mainly in the context of the Competitive Poles Policy.
- Flanders is updating its Smart Specialisation Strategy. The priority themes of focus will broadly remain similar to those from the S3-note from December 2014. Its S3 strategy is closely aligned with its cluster policy (through the creation of 5 'spearhead' clusters) and the 4 strategic research centres in Flanders.

- Both Wallonia and Flanders are part of the Vanguard Initiative. Flanders is leading the project in 3D printing, jointly with the regions Norte (Portugal) and South-Netherlands under the Vanguard Initiative. Flanders also connects clusters and ecosystems via the "intercluster" projects.
- In the new interregional partnerships that the EU has decided to support after a call in 2017, Flanders will lead 2 consortia (on 3D-printing and on bio-economy) and takes part in 2 other networks.
- In July 2016, the Government of the Brussels Capital Region approved the new Regional Innovation Plan 2016-2020 in order to identify the region's strengths through an entrepreneurial discovery process with substantial input from companies.

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