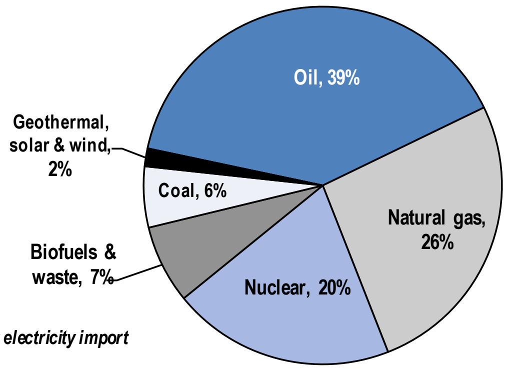
Belgium

The OECD Inventory of Support Measures for Fossil Fuels identifies, documents and estimates direct budgetary support and tax expenditures supporting the production or consumption of fossil fuels in OECD countries and eight partner economies (Argentina, Brazil, the People's Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa).

Energy resources and market structure

Total Primary Energy Supply* in 2017



**excluding net electricity import*
Source: IEA

Belgium has negligible economically recoverable resources of fossil energy and relies heavily on imported energy products. As of 2016, net imports were meeting more than 85% of the country's energy needs (treating nuclear power as indigenous production). Coal was once the main indigenous energy source, but Belgium's last coal mine closed in 1992.

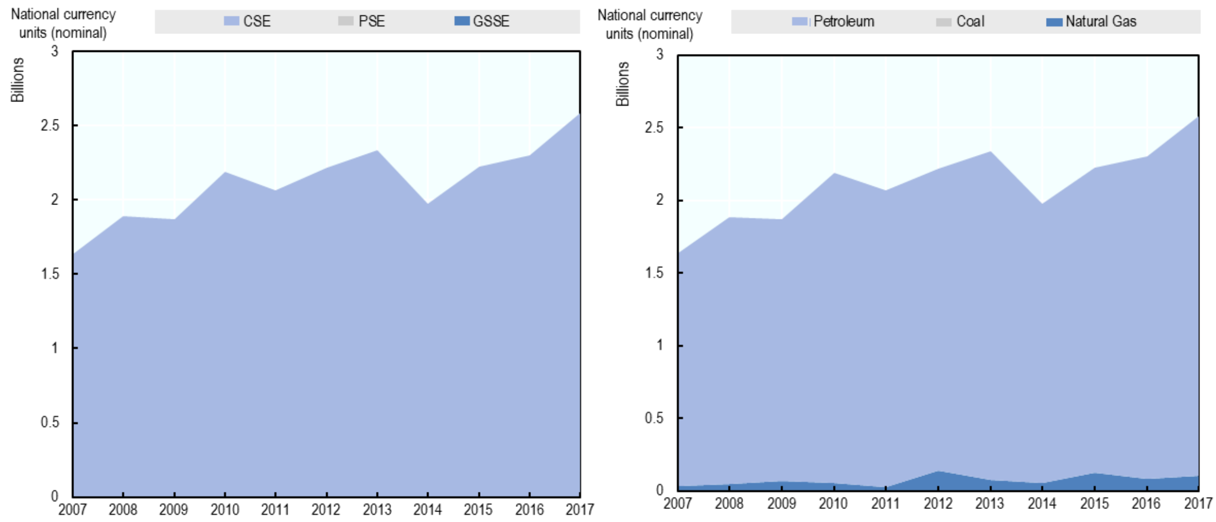
The self-declared principal goals of Belgian energy policy are the security of supply through the diversification of geographical sources of supply and fuels, energy efficiency, transparent and competitive energy pricing, and environmental protection and climate-change mitigation. At a regional level, energy policies prioritising energy efficiency and the generation of electricity from renewable sources are being progressively adopted. At the same time, a key policy objective is the phase-out of nuclear energy at the national level. Accordingly, a 2003 law prohibits the construction of new nuclear plants and sets a 40-year limit on the operating lifetime of existing plants. Amendments adopted since then provide for the shutdown of all of the country's seven reactors between 2022 and 2025. In 2016, 50% of Belgium's electricity was generated by nuclear energy.

Belgium's energy sector is almost entirely in private hands, though some local distribution of electricity and natural gas is carried out by companies that are wholly or partially owned by municipalities. The gas and electricity markets have been fully opened to competition, as required under EU law, but traditional suppliers, notably GDF Suez and its subsidiary Electrabel, continue to command dominant positions. The national regulator, the Electricity and Gas Regulatory Commission (CREG), is mainly responsible for approving transmission and distribution tariffs and market monitoring. Each of the three regions has its own regulatory body, which is primarily responsible for approving local distribution tariffs.

Energy prices and taxes

As required by EU directives, there are no price controls on energy as such. However, the central government maintains a system of price ceilings on the main oil products under an agreement (known as the *contrat de programme* or *programmaovereenkomst*) with the national oil industry federation. These ceilings are intended to act as a cushion against sudden price spikes. Meanwhile, the CREG and regional regulators set network charges for electricity and natural gas, but do not have the legal means to control electricity or gas prices charged to most final consumers. Nevertheless, faced with a rapid rise in final energy prices, the central government decided in 2012 to freeze retail prices for natural gas and electricity. Standard rules for setting retail energy price rises have since been adopted in the context of the co-called "safety net" (*filet de sécurité* or *vangnet*), allowing the CREG to reject an indexation formula deemed excessive.

Total support for fossil fuels in Belgium by indicator (left) and fuel type (right)



Note: CSE=Consumer Support Estimate, PSE=Producer Support Estimate, GSSE=General Services Support Estimate.

Recent developments and trends in support

There exist a number of tax preferences related to energy consumption in Belgium. The largest of these concern the excise-tax reductions that certain professional and residential users enjoy on their consumption of petroleum products and natural gas. As of 2016, eligible users included energy-intensive firms and those possessing an environmental permit, which substantially increased the support estimates in the Inventory. Fuel used in certain off-road vehicles and stationary engines operated in the construction and civil-engineering sectors also qualify for tax reductions, as do the energy products used in farming, forestry, horticulture, aquaculture, and professional transport, as well as certain solid fuels used by households. In addition, low-income households benefit from two direct support mechanisms helping them pay their heating bills: the Heating-Oil Social Fund and a social tariff for natural gas and electricity, set every six months by the CREG on the basis of the lowest commercial tariffs in the country.

Examples of measures	
Fuel-Tax Rebate for Taxi Drivers and Freight (2004-)	This consumer measure exempts diesel fuel used in professional road transport in Belgium from the increases in the rate of excise tax that came into force on 1 February 2004 and 1 January 2010.
Heating-Oil Social Fund (2005-)	The Heating-Oil Social Fund provides low-income and heavily indebted households with grants to help them pay their heating bills. Grants range from EUR 0.14 to EUR 0.20 per litre but cannot exceed a total EUR 300 per household per year. The programme cost the government about EUR 16 million in 2016.