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, eight partner economies (Argentina, Brazil, the People’s Republic of China, Colombia, India, Indonesia, the Russian Federation, and South Africa) and EU Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).

Energy resources and market structure

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 2018, 39% 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 so-called “safety net” (*filet de sécurité* or *vangnet*), allowing the CREG to reject an indexation formula deemed excessive up until December 2017, when this measure terminated.

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


**Recent developments and trends in support**

There exists a number of tax preferences related to energy consumption in Belgium. By total support value, the largest of these measures are the excise-tax reductions applied on certain professionals and residential users 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 further increased the amount of support estimates in the Inventory. Fuels used in agriculture also qualifies for excise tax exemptions on fuels used in agriculture. Several direct transfer programmes are also used to provide support for the consumption of natural gas and electricity by low-income and other marginalised households.

**Examples of measures**

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<tr>
<th><strong>Fuel-Tax Rebate for Taxi Drivers and Freight (2004- )</strong></th>
<th>This consumer measure exempts diesel fuel used in professional road transport in Belgium from the increases in the rate of excise tax, the most recent of which came into force between the period 2015-2019.</th>
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<td><strong>Heating-Oil Social Fund (2005-)</strong></td>
<td>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.</td>
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