

*R&D target of the "Europe 2020" Strategy :  
assessment for Belgium*

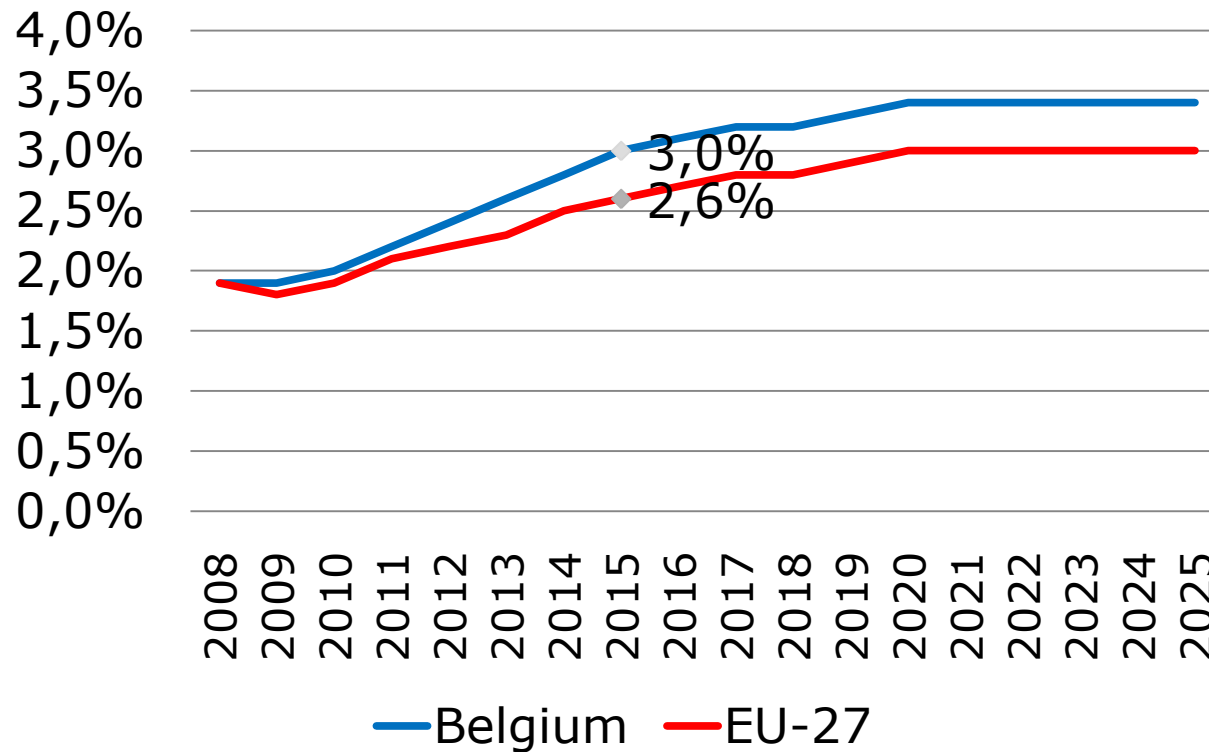
June 11, 2010

## Objectives of the exercise

- Evaluation of the macroeconomic and sectoral impacts of the R&D target of “Europe 2020”  
Strategy: investment of 3% of European GDP in R&D in 2020
- Comparison with baseline scenario where R&D intensities constant to their 2008 level

# Assumptions : R&D intensities

## R&D intensities



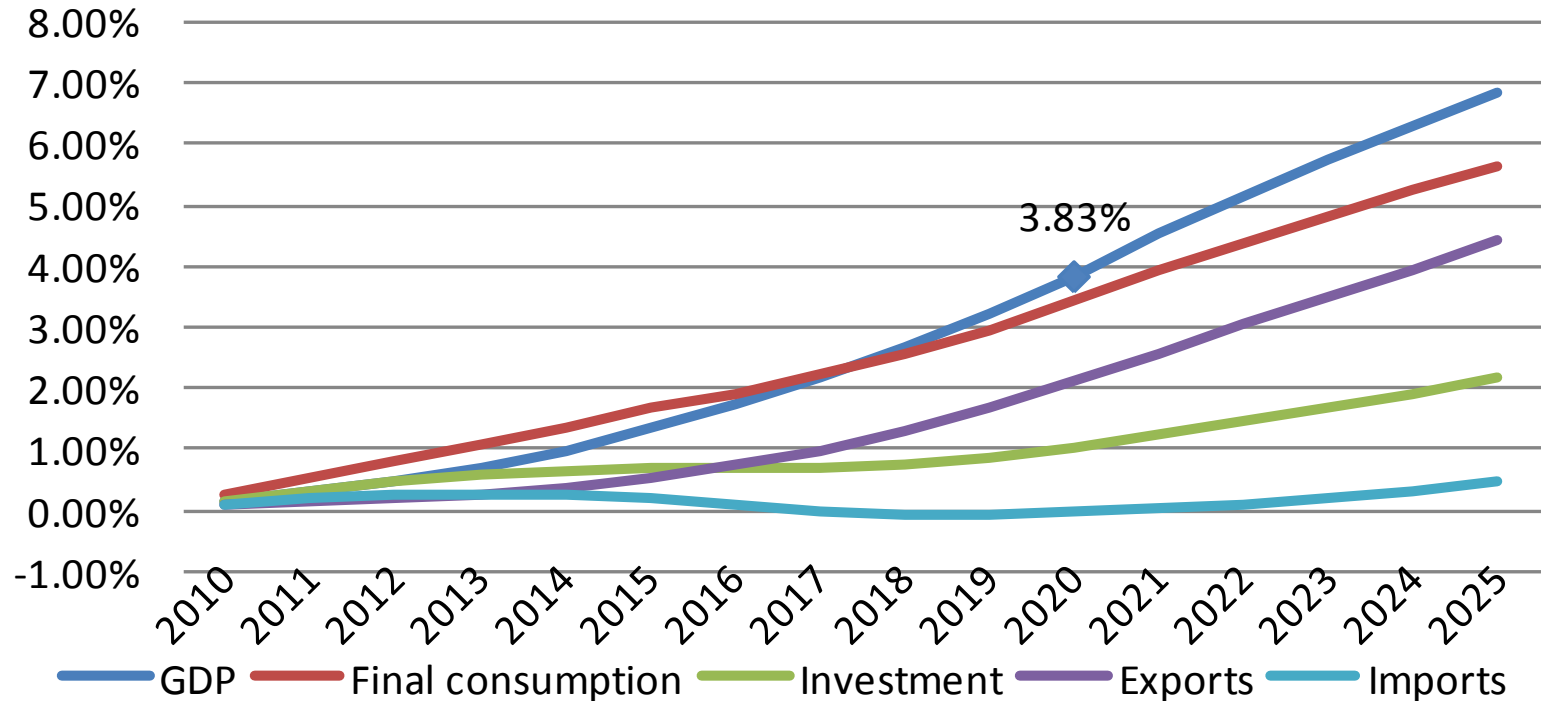
## Assumptions : R&D by sources of funds and sector of performance

	<b>Part of R&amp;D financed by private sources (2008)</b>	<b>Part of R&amp;D financed by public sources (2008)</b>	<b>Part of R&amp;D performed by private sector (2008)</b>	<b>Part of R&amp;D performed by public sector (2008)</b>
Belgium	71 %	29 %	70 %	30 %
EU-27	62 %	38 %	65 %	35 %

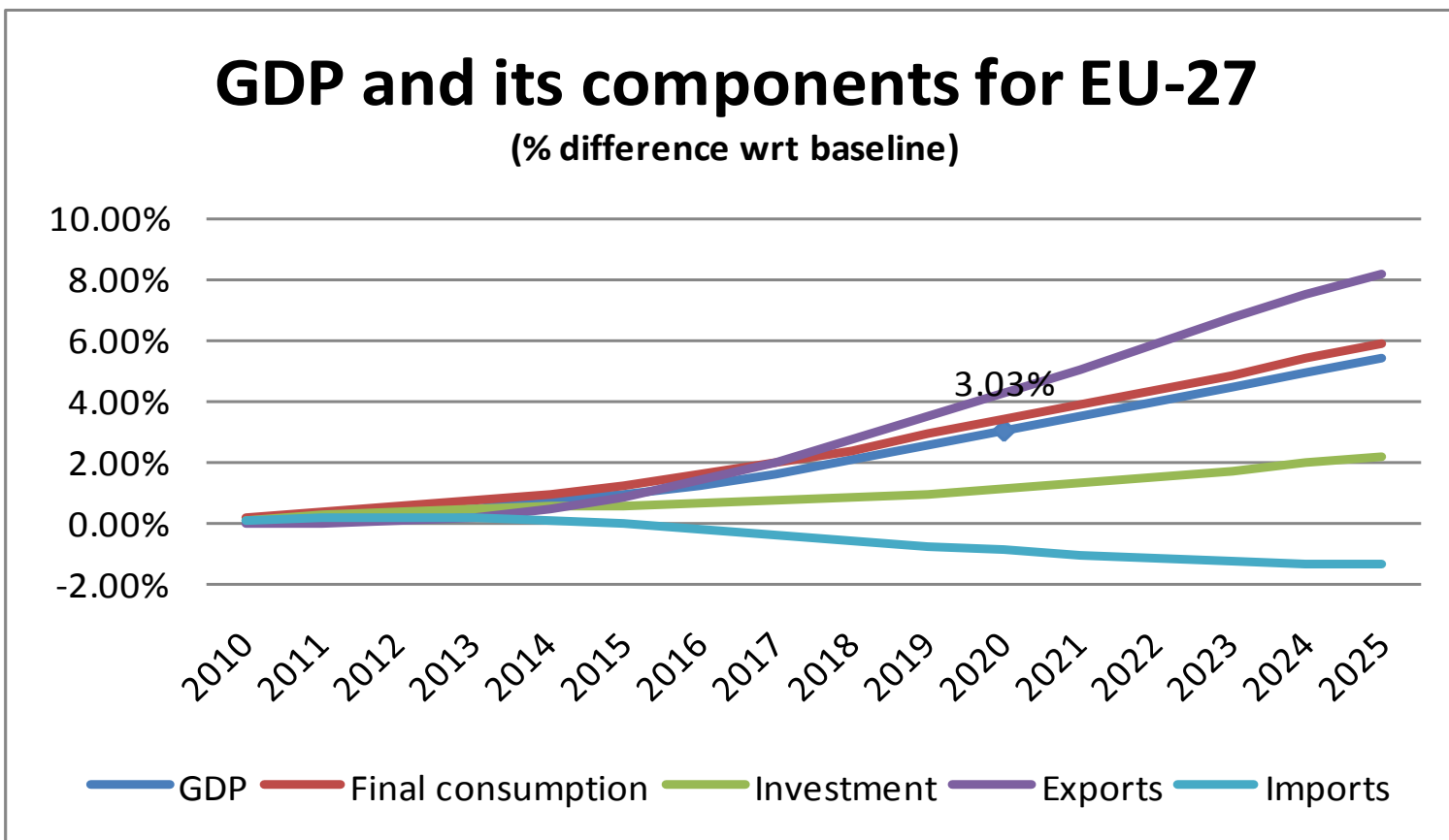
# Macroeconomic results : GDP and its components

## GDP and its components for Belgium

(% difference wrt baseline)



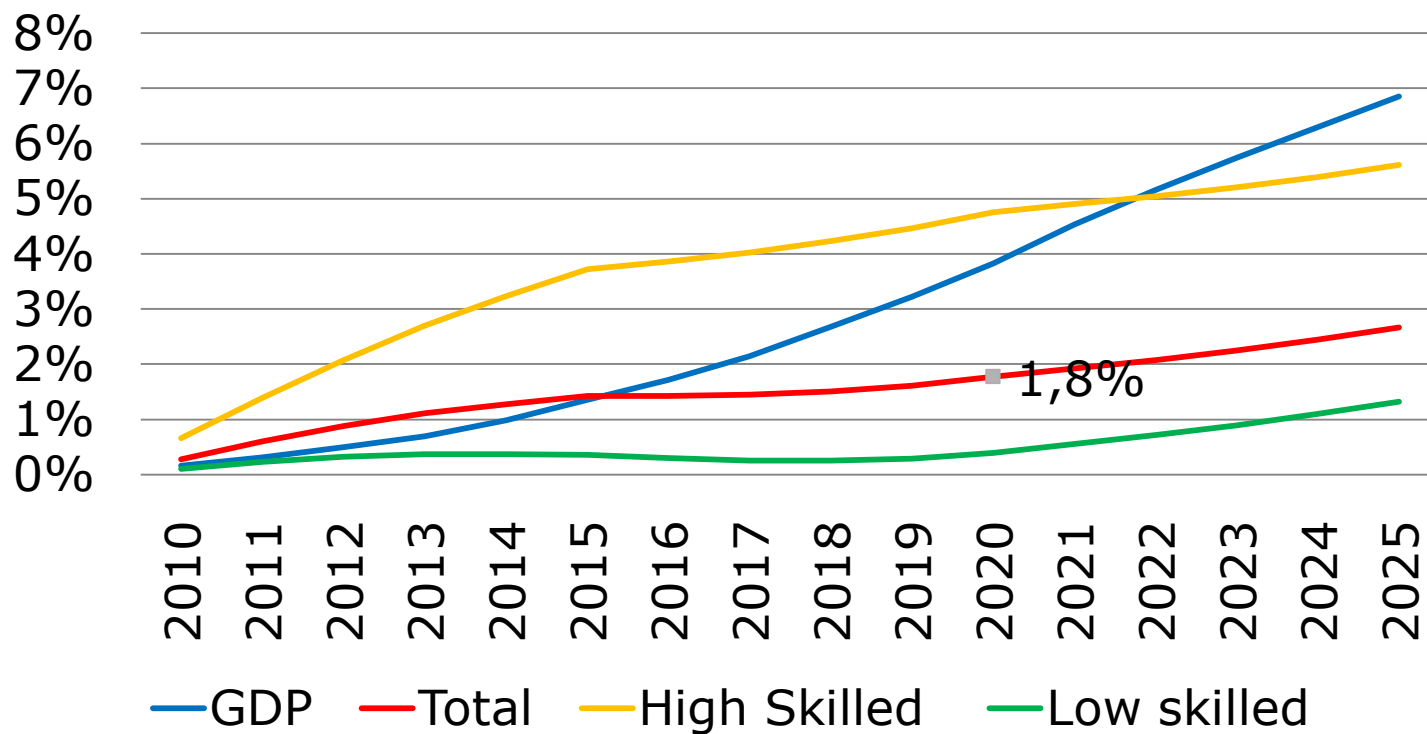
# Macroeconomic results : GDP and its components



# Macroeconomic results : Employment

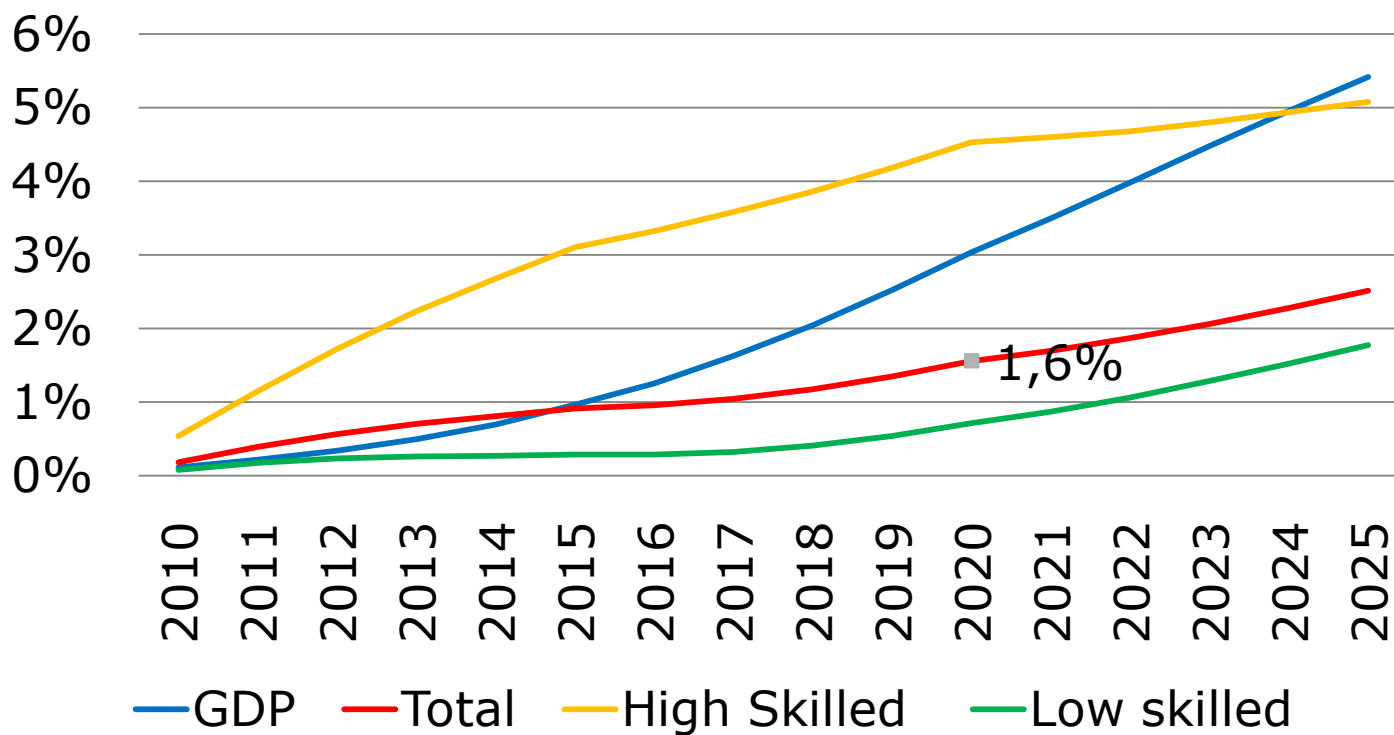
## Employment in Belgium

(% difference wrt baseline)



# Macroeconomic results : Employment

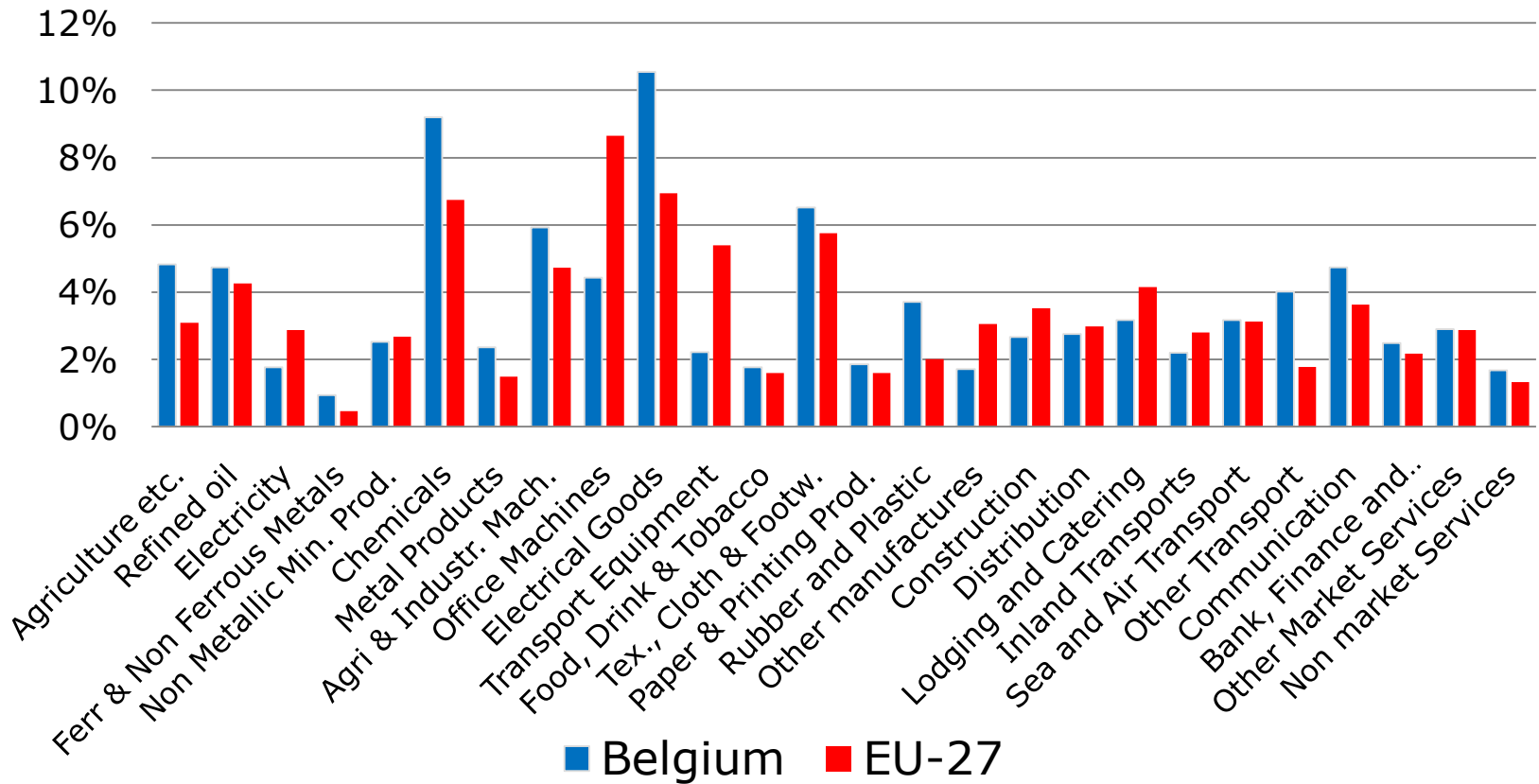
## Employment in EU-27 (% difference wrt baseline)





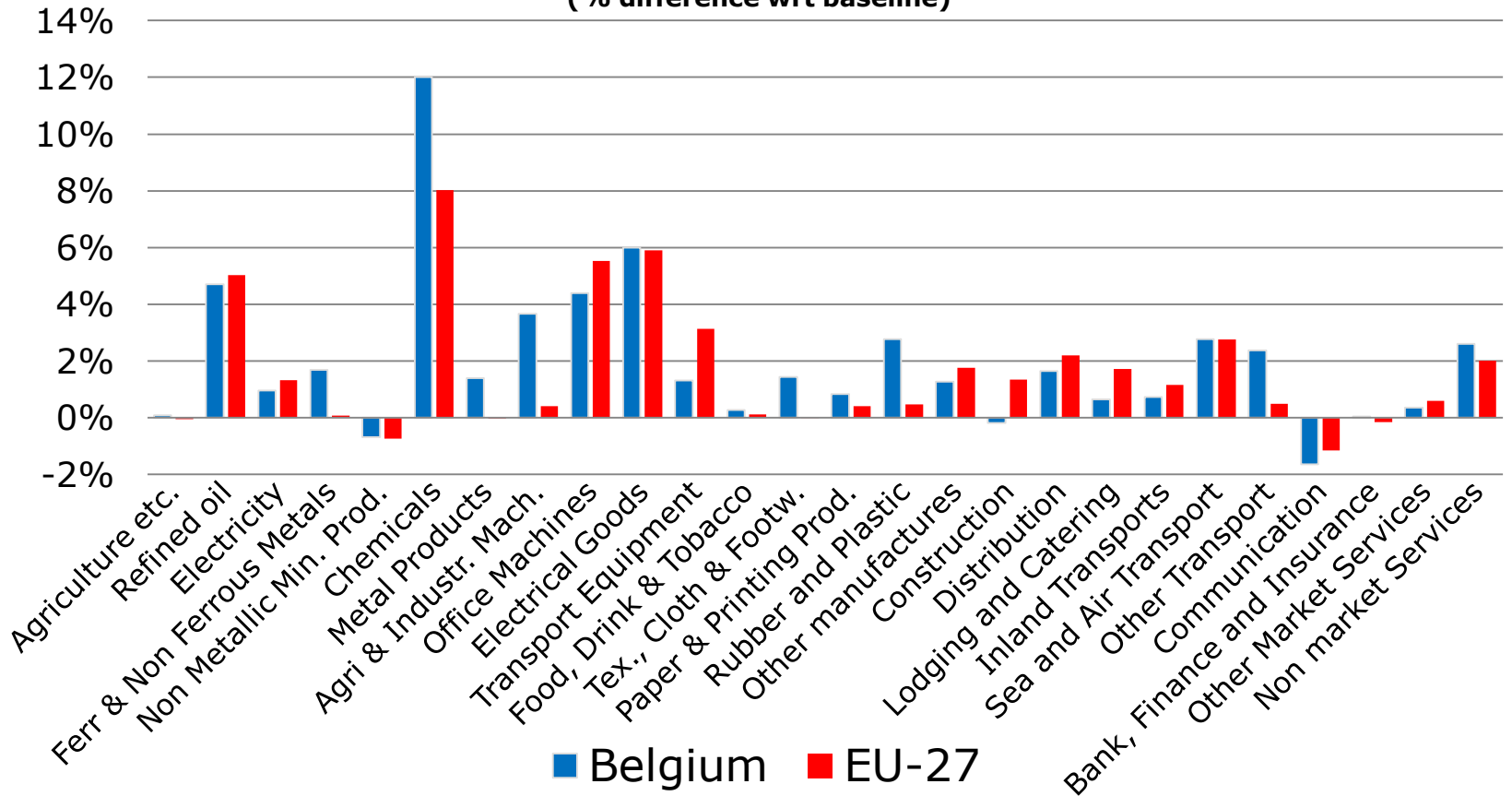
# Sectoral results in 2020

**Sectoral production in Belgium and EU-27 in 2020**  
(% difference wrt baseline)



# Sectoral results in 2020

**Sectoral employment in Belgium and EU-27 in 2020**  
(% difference wrt baseline)



# Competitiveness of Belgium

	Unit labour cost (% difference wrt baseline)			
	2010	2015	2020	2025
<b>Belgium</b>	0.3%	0.4%	-3.5%	-7.8%
<b>Germany</b>	0%	-0.3%	-1.8%	-5%
<b>France</b>	0%	0%	-4.4%	-9%
<b>Netherlands</b>	0%	0%	-3.8%	-8.2%
<b>Average 3 partners</b>	0%	-0.2%	-3%	-6.9%

## Conclusions for 2020

- Multiplier of R&D expenses :
  - 2.6 for Belgium
  - 2.75 for EU-27
- Employment increases but in a smaller magnitude :
  - + 1.8 % in Belgium
  - + 1.6 % in EU-27
- Transformation of the industrial structure :
  - to the advantage of R&D intensive and consumption goods and services sectors
  - to the detriment of intermediary and non R&D intensive investment sectors
- Limits of the exercise:
  - No reaction from countries outside Europe
  - Mechanisms of the model : fixed exchange rate and interest rate