

## Belgium: A Federal problem

The Belgian political landscape has been profoundly modified after Sunday's national and regional elections. While several coalitions are possible at the regional level, a long period of negotiations is coming at the federal level



### The extremes rather than the Greens

Major polls announced a great victory for the ecologist parties, who even had a chance to become the first political family in the federal parliament. However, with the victory there is a lot of contrast between Regions: It is very clear in Brussels, as expected in Wallonia but very thin in Flanders. In the end, Ecologists are only the fourth largest political family in the country.

But above all, the victory of the Ecologists was overshadowed by the clear victory of Vlaams Belang, the Flemish far-right nationalist party, which multiplies its number of seats by 6 (it goes from 3 to 18 seats). The gain of this party is at the expense of the N-VA, the other nationalist party, but also of other traditional parties.

It should also be noted that the far-left parties (PTB and PVDA) are also making very good progress, but their political weight is limited to 12 seats.

Finally, it should be remembered that the political spectrum is very divided between the two linguistic groups of the country. The Dutch-speaking electorate voted predominantly on the right,

while the French-speaking electorate is clearly sitting on the left. This will strongly mark the upcoming negotiations.

## Which coalition?

Assuming that the extreme parties (Vlaams Belang, PTB and PVDA) do not fit into the majorities, the political equation is fairly simple at the regional level, but much more complicated at the federal level. At the regional level, the N-VA is essential in Flanders and will be able to choose its partners. In particular, the outgoing coalition (N-VA, Open Vld and CD & V) can be renewed. But other majorities are possible. In Wallonia and the Brussels region, the political game is very open: different majorities can emerge. Socialists should take the initiative to form coalitions that can be very left-wing or rather broad.

However, federal negotiations may make everything more complicated. Indeed, it is impossible to have a symmetrical coalition between the two main regions (Flanders and Wallonia) and the federal government. In addition, some French-speaking parties have ruled out governing with the N-VA, reducing opportunities further. In any case, it will be necessary to bring together opposing parties to form a majority, some of which will be part of the Regional majorities and others not, in a compromise that is likely to be very difficult and vague.

## Which scenario?

The length of federal negotiations will depend on the parties' willingness to find some consistency between levels of power.

If the parties do not seek coherence, the negotiations could then quickly lead to very different coalitions between the regions. However, negotiations at the federal level will be particularly long, if not impossible. At best, a very broad government would take place without any real economic direction.

If the parties seek coherence between the levels of power, the whole of the negotiations may then last long, but this would increase the likelihood of reaching an agreement at the federal level.

## Conclusions

The rise of the extremes, the divergence of votes between regions of the country and the exclusions expressed by the different parties towards other parties make negotiations difficult. But it is not impossible. Majorities can easily emerge at the regional level, at the cost of a vague compromise between very different parties at the federal level.

For the time being the reaction on the markets remained muted and we don't expect any changes in the near term. Only if the coalition process would take an extremely long time, some minor spread widening could arise.

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