

Belgium and Luxembourg: some thoughts after an election day...

Last Sunday, local elections in Belgium and general elections in Luxembourg were held. What are the main points to keep in mind?



Source: Shutterstock

Compared to other Eurozone countries where elections resulted in significant surprises or risks of seeing the traditional parties being sidelined in favour of new or populist parties, the results of these elections in Belgium and Luxembourg appear rather serene. But that does not mean that there is nothing to retain.

Belgium: regional discrepancies...

Local elections are mainly driven by local problems. In many municipalities, traditional political parties are replaced by open lists of candidates, joining different parties or political candidates and citizens. Voters are also focused on the challenges facing their municipality more than regional or national issues.

This being said, there are some important lessons from this election:

(1) Greens are making strong progress across the country. They enter more majorities, strengthen

their position or even obtain the position of Mayor. This is mainly at the expense of other traditional parties, which for the most part are losing ground. That being said, one can certainly not say that the parties in the federal majority have been disavowed, even if they are losing ground.

(2) As everywhere in Europe, there is a rise of populist or extremist parties. But compared to what we have seen elsewhere in Europe, the movement is weaker.

(3) It is interesting to note that in Flanders, the vote moves slightly more to the right, whereas in Wallonia and Brussels, it moves rather to the left, especially if one only looks at the extremist parties. Therefore, and this is the main lesson, if these results were to be confirmed in regional and federal elections next year, the formation of a federal government would be made more difficult. Indeed, at the regional level, it is not certain either that the current majorities can be renewed, certainly in Wallonia and Brussels, where the push of the Greens and the extreme left opens the political game.

Luxembourg: renewal of the majority?

The general elections in Luxembourg have also not shown a major reversal of political forces. The Christian Democrats, who are the first political force in the country but are in the opposition, have 21 seats out of 60. However, they are likely to remain in the opposition, as the three parties forming the previous coalition, namely the Liberals (12 seats), Socialists (10 seats) and Greens (9 seats) will be able to renew their majority with Xavier Bettel (Liberal) as Prime Minister. But it is still too early to say, as the Head of State has barely begun his political consultations. It should be noted, however, that the Greens are also recording the best progression, which, in the case of a renewal of the past majority, would probably give them more weight.

Author

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the

Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.