

6 December 2018  
Article

## Political storm brewing in Belgium

A political crisis has developed in Belgium over its position on the UN migration pact. Will this crisis cause the government to fall? The answer is complex, especially as the next general election is scheduled for next May. We think the election campaign has already begun

### Contents

- Will the Prime Minister go to Marrakech?
- First deadline: 10 December in Marrakech
- Second deadline: 19 December in New York
- Bottom line

### Will the Prime Minister go to Marrakech?

A UN pact on migration is in negotiations at the UN, and each country must present its position next Monday on 10 December in Marrakech, Morocco.

In September, Prime Minister Charles Michel pledged Belgium would support and sign the pact, and this didn't seem to be a problem for the different parties of the majority back then. But in the last few days, the Flemish nationalist party, who are also his coalition partners have become strongly opposed to signing the pact and believe the Prime Minister can't go to the conference as he doesn't have the support of his government.

---

After this afternoon's vote, we can't rule out that ministers from the NV-A party won't resign, but that is not our base case

---

But the Prime Minister has confirmed he will attend the meeting to defend the position of the Belgian Parliament, which will vote over a motion in favour of the pact this afternoon alongside an interpretative document clarifying the supremacy of the national legislation over the Pact itself - as other countries have also done.

Without the NV-A, the government won't have a majority to adopt the motion at parliament, but other parties, currently in the opposition, are ready to support the motion which means PM Michel could have a majority but not the one he currently has in government, hence the political crisis.

### First deadline: 10 December in Marrakech

After this afternoon's vote, we can't rule out that ministers from the NV-A party won't resign, but that is not our base case.

Even if we don't get a unanimous vote, given the Marrakech meeting is informal, by attending the Prime Minister doesn't commit the Belgian government to the Pact. He can simply go there to defend the parliament's position, which at this stage seems the best compromise. The most likely

scenario is that no minister resigns by Monday.

## Second deadline: 19 December in New York

But the pact needs to be approved at the UN session in New York, and the Prime Minister cannot commit without the unanimous agreement of his government. If the N-VA categorically refuses to approve the pact, a few different scenarios arise:

(i) An internal solution is found, and the pact can be approved while keeping the government in place. Although difficult, given the intransigence of the N-VA, we can't completely rule out this solution. The business community in Flanders has already warned of the negative impact if the government falls. Various reforms launched by the current government have yet to be implemented (changing the profile of unemployment benefits, pension reform, etc.). This could make the N-VA modify its position.

(ii) If no solution is found, it is likely that the ministers of the NV-A resign. The government could stay in power, but then it will not have a majority in parliament. This situation is rather rare in Belgium but exists in other European countries. It would then be necessary for the government to find one or more alternative majorities to vote on bills. It won't be easy, and the minority government would be paralysed until the general election in May.

(iii) It is also likely that the entire government resigns and remains in place as a caretaker government until the elections, which limits its ability to do very much.

(iv) If, in addition to the resignation of the government, the parliament acts its dissolution or if the government falls on motion of mistrust, another majority at the parliament has to be proposed within three days. If not, elections are inevitable and will take place in the 40 next days. The scenario of a new majority seems unlikely and with the next general election taking place in May, it would not have the time to launch new projects.

Similarly, early elections are possible, but there is a low probability. The election campaign would be very short, and it would create a time gap between the federal and regional and European elections (which will be held in May). Also, the last session of parliament is devoted to deciding which articles of the Constitution can be revised by the legislature. However, in the case of premature dissolution of parliament, no article of the constitution would be revised, which will probably not suit some political parties and in particular the N-VA.

## Bottom line

At this point, we think the government will manage to stick around until 19 December. But after that, either the N-VA will find a solution, driven in particular by the need to complete the reform package launched so far and by the willingness to launch another State reform over the next legislature. If no solution is found, a minority government would set up, with little room for manoeuvre but early elections are still unlikely at this stage.

For now, we don't expect any major impact on economic growth, given that the next elections are scheduled for May 2019, it was unlikely that the government would embark on new initiatives.

**Note: Given the constant evolution of the political positions of parties, this analysis is subject to updates.**

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

+32 2 547 3161

[philippe.ledent@ing.be](mailto:philippe.ledent@ing.be)

### **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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.