



# Early restructuring and a second chance for entrepreneurs

November 2016

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## Belgium Country fact sheet

**Every year in the EU, 200 000 firms go bankrupt, resulting in over 1.7 million people losing their jobs.**

A well-functioning insolvency framework is essential to support growth and business creation. That is why the European Commission is putting forward modern and streamlined insolvency rules that will facilitate restructuring, give businesses a second chance and improve the efficiency of restructuring, insolvency and debt discharge procedures.

### The proposed approach is expected to:

- ✓ Cut down the number of jobs lost due to bankruptcy;
- ✓ Bring more legal certainty for cross-border investors;
- ✓ Turn bad debt into performing credit to facilitate lending;
- ✓ Allow entrepreneurs to restart business activities, to keep innovation going and create an additional three million jobs across the EU.

### What is the situation currently in Belgium? <sup>(1)</sup>

#### Effectiveness of insolvency proceedings

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Belgium ranks 5<sup>th</sup> among EU Member States when it comes to the effectiveness of its insolvency proceedings.

#### Average length of insolvency proceedings (years)

BE 0.9

EU 2.0

#### Recovery rate for secured creditors following insolvency proceedings

BE 89.9%

EU 65.0%

► The most likely outcome for debtors in financial difficulty in Belgium is **restructuring**.

<sup>(1)</sup> All figures are according to the World Bank report, *Doing Business 2017: Equal Opportunity for All*: <http://www.doingbusiness.org/%7E/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Report.pdf>.

## What will the new rules improve?

| The situation today in Belgium <sup>(2)</sup>  | With the new rules   |
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| Upon the opening of restructuring proceedings, all creditors are prevented from enforcing their claims until the end of the procedure. | ✓ Viable companies in financial difficulties can have access to a <b>time-limited “breathing space”</b> of no more than 4 months from enforcement actions, renewable until a maximum duration of 12 months under strict conditions. This will not only facilitate negotiations, but also provide further predictability and legal certainty for creditors. |
| Dissenting minorities of creditors can unfairly obstruct the restructuring process (hold-out).   | ✓ <b>Dissenting classes of creditors and shareholders can be outvoted</b> under strict conditions in order not to jeopardise restructuring, while safeguarding their legitimate interests.   |

<sup>(2)</sup> Information on current framework according to the Member States' responses on the implementation of the 2014 Commission Recommendation, an INSOL Europe Study of January 2014 and a comparative legal study carried out by the University of Leeds of January 2016.