

Belgium



Market Essentials

“Belgium offers more opportunities than UK companies may think. If there is such a thing as an SME-friendly market, this is it.”

Richard Kinchen
British Ambassador to Belgium

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Each of Belgium's three regions have trade and investment representatives in London.

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Foreword by the British Ambassador to Belgium



Richard Kinchen

Belgium is an easy market to overlook. Many people drive through the country on the way to somewhere else. And never mind all the clichés about beer, chips and chocolate.

But Belgium merits a closer look:

- it is one of the world's twenty largest economies, which makes it a bigger economy than Russia, and one heavily dependent on external trade and investment
- it is the UK's sixth largest export market for goods, worth over £10 billion in 2004. UK firms additionally export some £2 billion in services
- Belgium and the UK are significant investors in each other's economies. This means that there are long-standing and highly developed supply chains between companies in the two countries, offering additional opportunities for exporters
- it is geographically close and has numerous transport links - air, ferry, Channel Tunnel, Eurostar. Some British firms even say that it's easier for them to get to Belgium than to some parts of the UK. Most business people will readily conduct business in English. For e-commerce, Belgium has one of the highest broadband penetration rates in Europe
- Belgium spends more than the EU average on research and development and has particular strengths in ICT and life sciences, centred around internationally-renowned universities in Brussels, Leuven and Ghent.

The openness of the market, which pre-dates the EU single market, means that competition is intensive in many consumer and capital goods markets. But Belgian buyers are well-disposed to doing business with the UK and experience suggests that if a firm gets a good reception in Belgium, the product or service should do well in other established EU markets.

The British Embassy and UK Trade & Investment's objective in this market is very simple: to match UK supply with local demand. In practice, even with all the favourable factors mentioned above, getting it right is a challenge.

In country, the Embassy works closely with the British Chamber of Commerce in Belgium and with local contacts. For UK firms needing advice on setting up a business in Belgium, the three inward investment agencies - Flanders Investment and Trade, Wallonia's Office for Foreign Investors, and the Brussels Enterprise Agency - offer first-class advice and support.

Belgium may not be big geographically. But there is plenty going on. The Embassy, as part of the wider UK Trade & Investment operation, looks forward to helping you find the right local business partner.

UK Trade & Investment has identified a number of key sectors of opportunity in Belgium for British companies. These include: chemicals; engineering; software and ICT; telecommunications; food and drink; jewellery and giftware; textiles and apparel; furniture and furnishings; clothing and footwear; energy. For further details visit www.uktradeinvest.gov.uk

Introduction by the Belgian Ambassador to the UK



Baron Thierry de Gruber

The United Kingdom represents an attractive "natural" market for Belgian exporters. It is also a challenging market. An exporter, however, who is willing to prepare well and ensure a sustained presence, can reap great benefits.

Traditionally, the British market suffers from a somewhat conservative image in Belgium. Over the past few decades, however, British society has changed dramatically. Today consumers in the United Kingdom are more than willing to buy foreign products. To a large extent this is due to a change in emphasis in education, the growth of external links, and the increasingly multicultural nature of British society.

As a member of the European Union, with more than 60 million consumers, the United Kingdom is a vast potential market for Belgian products. Worldwide, the UK is the second largest importer. At the same time, it is an important trading centre, with extensive links to the Commonwealth countries and the Middle East. Finally, a large number of American and Asian multinational companies have opened branches in the United Kingdom.

Given its geographical proximity and the existence of easy communications, the UK can be considered a "natural" market for Belgian exporters. Indeed, our exports to the United Kingdom have grown steadily over the past years. Today the UK is the fourth largest importer of Belgian goods and services. It accounts for 10% of Belgian exports.

At the same time, companies from the United Kingdom have found their way to Belgium. In 2002 British direct investment in Belgium reached £10 billion. That year alone British companies invested more than £970 million in the Belgian economy.

To summarise, the United Kingdom is an attractive market for Belgian exporters. The trade and investment representatives of the Brussels, Flemish and Walloon regions in London stand ready to help companies take full advantage of the growing opportunities.

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Welcome Message from the President of the British Chamber of Commerce in Belgium



Russell Patten

Founded in 1898, the British Chamber of Commerce in Belgium has developed into the leading business organisation promoting the interests of British firms in Belgium.

Trade links between Belgium and Britain have a long history. Indeed, the Belgian Chamber of Commerce opened one of its first overseas offices in London in 1890.

The British community in Belgium numbers 26,000, a large proportion of whom are centered around Brussels and Antwerp. More than 15,000 Belgians and over 500 Belgian companies employing around 25,000 people are located in the UK.

Belgium is the UK's sixth largest export market, worth £10 billion a year. The UK is Belgium's fourth largest export market with two-way trade worth in the region of £22 billion, of which £2bn is in services.

The aim of the British Chamber of Commerce in Belgium is to be "the driving force for the promotion of its members' business interests in Belgium and Europe." Our mission is to create a dynamic business environment for our members in Belgium and Europe by:

- influencing the development of public policy
- facilitating a range of networking activities
- exploiting the potential of the information society

The Chamber maintains close ties with both the British Embassy in Brussels and the UK Permanent Representation to the EU, and is a member of COBCOE (Council of British Chambers of Commerce in Continental Europe). This provides the Chamber with excellent networking facilities, which are further enhanced by links with the British Council, the Confederation of British Industry, the British Overseas Trade Board and the Department of Trade and Industry.

The Chamber not only plays a vital role by furthering the cause of British business, but is also instrumental in supporting an ever-expanding Europe, helping to bring together new members and facilitate new business relationships through professional, social and networking events.

Situated in Brussels, the heart of the EU, the British Chamber of Commerce in Belgium is ideally placed to foster deeper business relationships for its members. Don't hesitate to get in touch.

The Brussels Stock Exchange is part of Euronext, an integrated cross-border single currency stock, derivatives and commodities market, comprising the Amsterdam, Brussels and Paris and Lisbon exchanges. Taken as a whole, Euronext is the second-largest exchange in Europe behind the London Stock Exchange.

Economic Overview

Located at the confluence of the Romance and Germanic-speaking peoples in Europe, Belgium has often occupied centre stage in the course of Western European history.

Although a small country, it has consistently influenced the direction of European development.

Today, Belgium remains at the administrative and geographic core of the European Union. It is the UK's sixth largest export market with £12 billion of goods and services imported from the UK in 2004.

Belgium lends itself to the first time exporter for a number of reasons. Access is easy, with good air and sea links as well as the channel tunnel. The British are generally well thought of and UK goods and services are usually held in high regard, but must be of high quality and competitively priced. English is widely spoken in Brussels and in the Dutch-speaking north of the country. As with other markets within the European Union, trade with Belgium is increasingly an extension of a company's domestic market.

Belgium's advanced private enterprise economy has capitalised on its central geographic location, highly developed transport network and healthily diverse commercial base. Industry is concentrated mainly in the densely populated north.

With scarce natural resources, the country imports significant amounts of raw materials and exports a large volume of manufactured goods, making its economy unusually dependent on the vagaries of global economic forces. Some 75% of Belgium's trade is with other EU countries. Public debt is about 100% of GDP and the government has succeeded in balancing its budget.

Despite an appreciation of the euro against the US dollar, increased demand from overseas markets has stimulated Belgium's export-oriented industries. Domestic demand, however, recorded a less positive performance, raising concerns about the sustainability of economic growth. Although industrial investment declined in 2003-04, steady corporate profitability and low interest rates represent improved prospects for future investment.



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Brussels Export : an initiative of the Foreign Trade Department of the Brussels-Capital Region, the Brussels Business Federation, and the Brussels Chamber of Commerce and Industry.

BRITISH CHAMBER
OF COMMERCE IN BELGIUM



Increasing value to our members

Our vision is to be the driving force for the promotion of our members' business interests in Belgium and Europe.

Our mission is to create a dynamic business environment for our members in Belgium and Europe by:

- influencing the development of public policy
- facilitating a range of networking activities
- exploiting the potential of the Information Society.

To make sure you are represented in Belgium and Europe click on www.britcham.be or call +32 2 540 90 30

Founded over one hundred years ago in 1896, the British Chamber of Commerce in Belgium has developed into the leading business organisation promoting the interests of British firms in Belgium.

The Chamber maintains close ties with both the British Embassy in Brussels and the UK Permanent Representation to the EU, and is a member of COBCOE (Council of British Chambers of Commerce in Continental Europe).

The British Chamber not only plays a vital role by furthering the cause of British business, but is also instrumental in bringing together an ever-expanding Europe.

Situated in Brussels, the heart of the EU, the Chamber is ideally placed to foster these deepening relationships.

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Geography

Belgium is a generally low-lying country, with a wide coastal plain extending from the North Sea and the Netherlands and rising to the Ardennes hills and forests of the southeast, where the highest point is 2,277 feet (694 metres) at Botrange.

Most of northern Belgium (roughly above a horizontal line crossing Brussels) is a densely populated open plain (the provinces of East- and West-Flanders and Vlaams Brabant), with sandy wooded areas to the East (Limburg and parts of Antwerp).

The central area, north of the Sambre (Samber) and Meuse (Maas) features downs with a very intensive agriculture.

South of this divide, the Ardennes form a mix of gentle slopes, steep valleys and wooded hills and are a favourite destination for tourists.

Belgium has a temperate, maritime climate, mainly influenced by air masses from the Atlantic. Swift and frequent alternation of air masses separated by fronts gives the country a very changeable climate. Winters are wet, cool, and often misty, while summers are warm.

Brussels, roughly in the centre of the country, has a mean minimum temperature of 31°F (-0.3°C) in January and a mean maximum of 71°F (21.6°C) in July.



The Belgian population is divided into three linguistic groups. In the north, in Flanders, are the Flemings who constitute more than half of Belgium's population, they speak Dutch. In the south, the French-speaking Walloons of Wallonia comprise about one-third of the population. The German language region in eastern Liège province contains fewer than 1% of the Belgian population and consists of nine communes around Eupen and Saint-Vith. Brussels is officially bi-lingual, but in practice it is 75% French speaking.



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Chemicals

Belgium has one of Europe's biggest chemicals sectors, employing around 100,000 people and playing a crucial role in the country's economic activity.

Most production (about 80%) is exported to other European countries and the US. The most significant trade partners are its neighbours Germany, France and the Netherlands. The UK is ranked as the sixth most important supplier to the Belgian chemicals industry.

Although in general the country is considered a mature and open market, it should not be seen as a 'soft touch' for every exporting company. In many cases, Belgian companies are well informed about suppliers on the European markets and enjoy a relatively broad choice. To distinguish themselves, suppliers must be competitive in pricing and delivery terms. Companies that can present relevant accreditation, international references and ISO quality standards, will be better placed to win business.

Cost is naturally a vital factor in customer-supplier relationships, although a company will not necessarily change supplier solely on this consideration. Belgian companies tend to be very loyal to long-term suppliers. By and large, Belgian companies prefer longer term operational relationships in which they can rely on guaranteed quality and proven manufacturing capabilities.



Although relatively small-scale, agriculture is very intensive. In Flanders, with its dense population, farms specialise in large-scale pig farming, horticulture and vegetable production. Wallonia has a very productive arable farming and meat cattle sector. Farmland is increasingly giving way to industrial and residential development and tourism, due to the high population density and only 42% of the land is now farmed.

Engineering



The electromechanical engineering industry is Belgium's biggest manufacturing sector, accounting for some 25% of value added in manufacturing.

But Belgian industry has been hampered by high labour costs and a lack of incentives compared with neighbouring countries.

Wallonia is still striving to restructure its industry away from heavy manufacturing towards higher value-added sectors and has done this successfully in the pharmaceutical and chemical industries. In Flanders, many high-tech businesses continue to flourish, but labour intensive sectors such as automobile assembly or boiler work are under pressure from foreign competitors.

According to the industry trade association, Agoria, no less than 75% of engineering firms with more than 250 employees are under foreign control. This is particularly the case in the automotive, electronics and ICT sectors (over 86% of jobs). These major international corporations coexist with several thousand small-to-medium-sized enterprises (SMEs), mostly family businesses and operating in niche markets. These two types of businesses require different approaches. Large companies, including Belgian-owned businesses, tend to think in terms of world markets, while SMEs are far more inclined to purchase locally.

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Software and IT Services

Agoria, the industry trade association, forecasts average annual growth in the Belgian software and ICT sector of 10% up to 2007.

To keep up with the pace of development, many local firms have merged or been acquired by international groups, such as Cap Gemini, Ernst & Young, Logica and Atos Origin. Only a handful of the 60 members of INSEA, the Belgian association of software houses, are locally owned.

UK exporters will find that the Belgian market is very accessible to international contractors. Bespoke development and systems integration remains a very important factor in the Belgian software market and distributors will invariably be expected to offer some form of customisation or integration.

Customer-facing solutions that are immediately applicable in 'e-government' projects are also likely to be successful (year-on-year growth of over 10% is forecast).

Most Belgian software and computer services companies tend to specialise in a particular market niche, for example, utilities, human resource management software, ERP integration, retailing projects and the public sector.

A two-way relationship is critical to success. Belgian firms with international ambitions prefer partners that reciprocate by acting as sponsors in the home market or joint-venturing in overseas projects.



Belgium has very limited commercially exploitable natural energy resources, with no significant oil or gas reserves. Since the first oil crisis in 1973, its policy has been to diversify both energy and import sources. This has resulted in increased gas imports and high use of nuclear power. Belgium imports 1.04 million barrels per day (bpd) of oil, of which 435,800 is re-exported. Belgian refineries have a total capacity of 704,600bpd.

Telecommunications



The Belgian telecom market is valued at €10 billion, according to figures from European Information Technologies Observatory (EITO).

This includes telecom equipment (€0.95 billion), telecom infrastructure (€0.99 billion) and telecom services (€8.07 billion).

By 2005, there were around 2 million Internet connections, a 39% penetration rate. This is far lower than the Netherlands (60%), but broadband accounts for approximately 1.5 million of these.

Three mobile operators offer public services: Proximus (Belgacom Mobile – 49% market share), Mobistar (France Telecom – 34%) and Base (KPN – 17%). Regular mobile users now total 8.5 million, a penetration rate of 80%.

Commercial 3G services are now being introduced and are just one of the stakes in the struggle between the incumbent operator and newcomers to the market. The arena has now been extended to ultra-wideband internet access (ADSL2, VDSL, cable), video-on-demand and exclusive digital content, all of which require massive investment and offer substantial opportunities for technology suppliers and service providers.



Official name: Kingdom of Belgium.

Population: 10.2 million.

Head of State: King Albert II

Capital city: Brussels (population around one million).

Other major commercial centres:

Antwerp (pop. 450,000)

Ghent (226,300)

Charleroi (201,000)

Liège (185,150)

Bruges (117,000)

Area: 11,780 square miles.

Languages: Dutch - 58%; French - 32%; German - 1% (Inhabitants of Brussels are officially classed as bi-lingual and make up 9%). English is widely spoken.

Dialling code from the UK: 00 32.

Currency: euro since January 2002.

Time zone: GMT + 1 hour.

Average temperature: 9.8°C.

Religion: Roman Catholic 75%; Protestant or other religions 25%.

Hours of business: 08.30 to 17.30, Monday to Friday.

Weights and measures: Metric.

Public holidays

| | |
|--------------|---------------------------|
| 1 January | New Year's Day |
| 28 March | Easter Monday |
| 1 May | Labour Day |
| 5 May | Ascension Day |
| 16 May | Whit Monday |
| 11 July | Flemish Community Holiday |
| 21 July | National Independence Day |
| 15 August | Assumption Day |
| 27 September | French Community Holiday |
| 1 November | All Saint's Day |
| 11 November | Armistice Day |
| 15 November | German Community Holiday |
| 25 December | Christmas Day |



Economic Statistics

GDP: 283.3 billion Euros.

GDP growth rate: expected to be 2.5% in 2005.

GDP composition by sector:

agriculture: 1.9%

industry: 26.3%

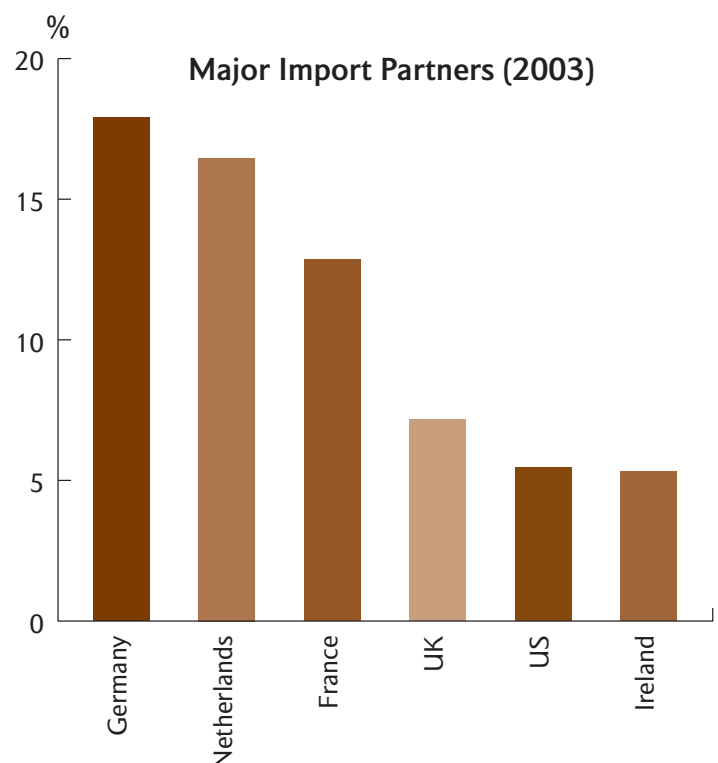
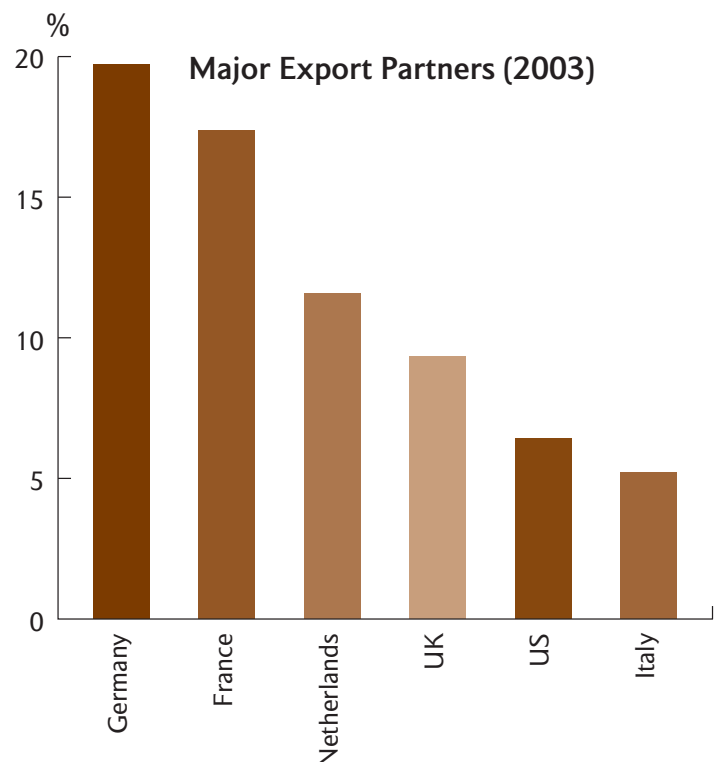
services: 71.8%

Workforce by occupation:

agriculture 1.3%

industry 24.5%

services 74.2%





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THERE!

Be in Belgium! For reasons from A to Z. And whether you're a starter or looking to expand your business, it really makes no difference, because you'll always be able to rely on tailor-made support from the great variety of investment experts at Belgium's federal and regional authorities.

For more information feel free to contact your Belgian Embassy or your Belgian Consulate, or get in touch with >>>

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