

# Why Belgium?

## Summary

Area: 30,528 km<sup>2</sup> (11,790 mi<sup>2</sup>)

Population: 11.3 million

Population growth rate (change): 0.5%

Population density: 371.5 people per km<sup>2</sup>

Urban population: 97.9%

Capital city: Brussels (Pop: 1.168 million)

Official languages: Dutch, French, German

Currency: Euro (EUR / €)

Nominal GDP: US \$467.0 billion

Real annual GDP growth: 1.2%

GDP per capita: US \$41,283.3

Annual inflation rate: 1.8%

Unemployment rate: 8.0%

General government gross debt: 105.5% of GDP

Fiscal balance: -2.7% of GDP

Current account balance: 1.0% of GDP / US \$4.6 billion

Exports of goods to UK: £20,900 million

Imports of goods from UK: £11,586 million

Inward direct investment flow: US \$31 billion

Exports + imports as share of GDP: 155.3%

*[Source – mostly FCO Economics Unit, Apr 2017]*



General overview

Belgium is a small, affluent and multicultural country located at the heart of decision-making in Europe.

It is an open and highly-competitive market with opportunities in most sectors. Belgium has similar business risks and requirements to the UK. If your product or service is successful in the UK, there is a good chance you will be successful in Belgium. It is also the entry point for many imports into Europe so product pricing must be competitive.

Often referred to as the crossroads of Europe, Belgium consists of two very distinct cultural regions, Flanders (Dutch speaking northern half, around 6.5 million inhabitants) and Wallonia (French speaking southern half, with a population of around 3.6 million), and an officially-bilingual capital, Brussels (over 1.2 million inhabitants). There is also a small German-speaking community (70,000) in the south-east of Wallonia.

The Kingdom of Belgium is a founding member of both NATO and the European Union and one of the first-wave countries to adopt the Euro. Belgium also hosts the headquarters of the Council and Commission of the EU, NATO, and many other international organisations.

More than 1,000 public and private international organisations have set up headquarters in Belgium. This offers opportunities to access huge procurement chains.

Important and longstanding relationships exist between the UK and Belgium. Belgium is the UK's 9th largest export market and UK goods and services are well received in the market. UK companies that already work in Belgium include, Shell, BP, BT and GSK.

Belgium is an ideal starting place for UK companies new to exporting. For any company looking to expand into Europe, Belgium is the ideal tester market – it is an open and dynamic market with plenty of opportunities for high-value products and services, and English is an accepted business language, and for UK companies it is just a short train ride away, making your export journey that much easier.

However, you need to treat Belgium as a regional market. It is a federal state which has devolved powers to both regions and linguistic communities in terms of industry and culture. Business support, agriculture and licensing are all carried out at a regional level.

You can read the EU's practical guide to doing business in Europe at: [http://europa.eu/youreurope/business/index\\_en.htm](http://europa.eu/youreurope/business/index_en.htm), which gives detail on rules and processes common to European countries, and also contact a Department for International Trade (DIT) Belgium export adviser at: <https://www.contactus.trade.gov.uk/enquiry/topic> for a free consultation if you are interested in exporting to Belgium. You can also contact the Belgian DIT team directly at: [DITBelgium@mobile.trade.gov.uk](mailto:DITBelgium@mobile.trade.gov.uk).

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies. You can also check the current UKEF cover position for Belgium, at: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#belgium>.

The British Chamber of Commerce in Belgium offers professional advice and services for UK companies in, or entering, the Belgian market. See: <http://britishchamber.be/>.

The 'Help available for you' section provides further details on organisations which can offer you support in Belgium.

Government overview

## **Parliament**

Belgium is a constitutional monarchy governed by a multi-party coalition, comprised of both Flemish and francophone parties. Following a number of state reforms, Belgium is now a federal state divided into three regions (Flanders, Wallonia and the Brussels Capital Region) and three language-based communities (Flemish, French and German). There are also 10 provinces and almost 600 local authorities (municipalities).

The federal government is responsible for some major issues like defence, foreign affairs, justice and home affairs, the national budget, including setting and collecting most taxes, and social security.

Responsibility for education and culture rests with the language communities, while the regions' responsibilities include environment, transport, energy, agriculture, public works and some elements of unemployment support. Some issues are divided between the different levels, e.g. health.

Regional and community governments are entirely autonomous and their ministers have equal status with federal ones. Their powers are not therefore devolved as in the UK model.

This complex model can lead to complications when working with the public sector. Different parts of the Belgian governmental system often need to co-ordinate with one another to reach agreement.

Federal, regional and community elections are held every five years and local elections every six years. Voting is compulsory at all levels. All the major political parties split along linguistic lines in the 1970s.

Following the May 2014 elections and 135 days of coalition talks, a centre-right coalition was installed in October 2014. The coalition government is led by Prime Minister Charles Michel (from the Francophone liberals, MR) and consists of four parties: three Flemish (N-VA, CD&V and Open VLD) and one French-speaking party (MR). It is the first time that the Flemish pro-devolution party N-VA is part of the federal government in Belgium.

## **Business and human rights**

Belgium was a founding member of the European Union and the Council of Europe and a signatory to the European Convention on Human Rights. According to international observers, human rights in Belgium are generally respected and the law and the judiciary provided effective means of addressing individual instances of abuse. However, some sporadic concerns have been reported over prison and detention conditions, and occasional instances of racial and ethnic discrimination in the job market.

*[Source – FCO Overseas Business Risk/gov.uk, June 2017]*

## Economic overview

Belgium is a developed, modern, private-enterprise economy which has capitalised on its central geographic location in Western Europe, highly developed transport network, and diversified industrial and commercial base.

Belgium's main imports are raw materials, machinery and equipment, chemicals, raw diamonds, pharmaceuticals, foodstuffs, transportation equipment and oil products. Its main exports are machinery and equipment, chemicals, finished diamonds, metals and metal products and foodstuffs. Industry is concentrated mainly in the populous Flemish area in the north. With few natural resources, Belgium must import substantial quantities of raw materials and export a large volume of manufactured goods, making its economy unusually dependent on the state of world markets.

Trade focuses very much on the European market. Half the goods exported by Belgium are sold in neighbouring countries (Germany, France and the Netherlands), while one quarter go to other EU member states. Imports follow more or less the same pattern. This situation reflects Belgium's role as a hub within the EU.

Competitiveness of Belgian businesses is under pressure: Belgium has the second-highest tax level in the EU (45.4%) and ranks second on labour taxation (42.8%). This centre-right government is shifting tax from labour to capital, consumption and environment, with a 'tax shift' announced in July 2015 reducing employers' contributions and increasing taxation on short-term stock market speculation. Flagship reforms for the government include raising the retirement age from 65 to 67 by 2030 (the first change since 1956) and the suspension of the automatic indexation of wages.

*[Source – FCO Overseas Business Risk/DIT/gov.uk, June 2017]*

## Growth potential

Belgium's priority sectors for economic development include:

- biotechnology
- agri-food sector
- environmental technology
- pharmaceutical sector
- information communications technology (ICT)
- transport and logistics

## Trade agreements

Belgium is a member of the EU and the World Trade Organization (WTO). This means that goods manufactured in the UK are exempt from import duties.

Contact the SOLVIT team at: <https://www.gov.uk/government/groups/uk-single-market-centre> if you have market access issues relating to the operation of the single market.

## Strengths of the Belgian market

Strengths of the Belgian market include:

- strategic location
- open economy
- early adopter of new technologies
- excellent transport network

Read the practical guide to doing business in Europe, at: [http://europa.eu/youreurope/business/index\\_en.htm](http://europa.eu/youreurope/business/index_en.htm).

## Benefits to UK businesses

Benefits for UK businesses exporting to Belgium include:

- strong and long-standing trade relationship
- proximity and easy transport links
- English is widely spoken
- barriers to market entry are low
- population with a high disposable income
- close to top decision makers in international organisations such as the European Union (EU) and North Atlantic Treaty Organization (NATO)

## Trade between the UK and Belgium

Belgium is the UK's 9th largest export market, and the Benelux countries – made up of Belgium, the Netherlands and Luxembourg – are together the UK's second-largest export market (after the US).

Top UK exports to Belgium include:

- chemical products
- medical products
- automotive equipment
- diamonds

*[Source – DIT/gov.uk]*

In addition:

- In 2016 Belgium was ranked 15th out of 176 countries in Transparency International's latest Corruption Perceptions Index (the UK ranked 10th): [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](http://www.transparency.org/news/feature/corruption_perceptions_index_2016)
- Belgium is ranked 42nd out of 190 in the World Bank's 2016 Ease of Doing Business index (the UK ranks 7th): <http://www.doingbusiness.org/rankings>
- The World Economic Forum's Global Competitiveness report 2016-17 ranks Belgium 17th out of 138 (the UK is ranked 7th): <http://reports.weforum.org/global-competitiveness-index/country-profiles/#economy=BEL>

Contact a DIT export adviser at: <https://www.contactus.trade.gov.uk/enquiry/topic> for a free consultation if you are interested in exporting to Belgium.

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies. You can also check the current UKEF cover position for Belgium. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#belgium>.

*[Source – DIT/gov.uk]*

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