GOING GLOBAL
EXPORTING TO BELGIUM
A guide for clients

#GlobalAmbition
Capital: Brussels

Population: 11.43m

GDP per capita: €35,300

GDP growth (2018): 1.4%

Unemployment rate: 5.7%

Enterprise Ireland client exports (2018): €467.5m (Belgium & Luxemburg)
Known as the heart of Europe, Belgium is a hub of international cooperation and networking.

It is a country of three regions: Flanders, Wallonia and the Brussels-Capital Region, and has three official languages: Dutch, French and German. A modern private enterprise economy, it is often viewed as a springboard into mainland Europe.

Situated at the crossroads of three major cultures – Germanic, Roman and Anglo-Saxon - it is a good “test market” for companies looking to grow into the broader European markets by establishing a local presence or through trade.

Belgium has 16% of Europe’s Biotech industry and 19% of Europe’s pharmaceutical exports. It is incredibly successful given its modest size, by population and geography.

The Belgian economy continues to grow at a modest pace, mainly supported by robust growth in exports. It is ranked as the 11th largest export economy in the world, with a positive trade balance and its latest fiscal reforms improving its attractiveness.

The economy grew by 1.4% in 2018, and is expected to grow by 1.2% in 2019 and it has the world’s 11th most talented labour force.

Relations between Belgium and Ireland are excellent, and Belgium ranks as Ireland’s 2nd highest EU partner when it comes to exports. €1,960 million Irish exports to Belgium in 2018.

Belgium has 576,000 SMEs contributing to 62% of the market, with 913 large enterprises making up the rest.

Belgium is becoming a more and more attractive investment location for international companies year-on-year. This is primarily driven by its two historic strengths: its geographic location, in the heart of the European market, as well as its highly skilled labour force. In a recent survey of international companies operating in Belgium, 59% of respondents reported that they plan to expand their Belgian operations over the coming years, while 80% of companies expect to create new jobs.

MANY IRISH COMPANIES ARE EXPORTING TO BELGIUM. WHAT’S STOPPING YOU?

One of the highest rates of Biotech R&D activity in the EU. Antwerp is the world’s second largest chemical cluster after Heuston.

Audiovisual services account for 80% of Belgium’s creative service exports and 90% of its imports.

Pharma and Life Sciences has been a continuously strong sector for Irish exports year-on-year.

Ranked 9th out of all EU states in terms of digital economy development.

The automotive sector is the 3rd largest industry in Flanders.

European leader in logistics and distributions; mainly driven by its strong cluster of ports.
KEY GROWTH OPPORTUNITIES IN BELGIUM

Life Sciences, Pharma and Biotech
Pharma exports account for over 10% of Belgium’s total exports19.

With a specialised Life Science Incubator in Brussels since 2012 that focuses on e-health, medical devices and biotechnology, there are huge opportunities for collaborations.

The orphan drug market is expected to almost double in the next five years20.

Aerospace
Belgium has one of the highest space budgets per capita in the world, comparable with the U.S., the Russian Federation and Germany. It also ranks among the top countries in terms of R&D in space programmes as a percentage of GDP. As a result of the country’s expertise, this sector draws a large amount of foreign investment.

Opportunities in this sector lie in composite materials, software simulation, additive manufacturing, high-tech critical parts, advanced materials and electrical systems21.

Environment technologies
Belgium lies 18th out of 28 EU countries in the EU Eco-Innovation Index, creating an opportunity in eco-innovative activities, especially regarding circular economies, outputs and socio-economic activities22.

Engineering
Belgium is ready for Industry 4.0 with 83% of Flemish manufacturers looking to implement this concept in their business and operational strategy. Software used to monitor and operate production processes is the first step for the future of these factories23.

Transport and Logistics
It is among the leaders of the transport and logistic sector, due to its excellent accessibility to major consumer markets.

There are more than 12,000 logistics service providers in Belgium24.

Flanders’ excellent infrastructure offers an array of advantages when it comes to setting up European logistics or distribution activities. It has four ports, three airports and excellent road, rail, waterway and pipeline connections. Belgian ports play a hugely important role in international trade; especially the Port of Antwerp given that 60% of European purchasing power is within a 500km radius of the city. The port’s operations cover an area of 120 million square meters; which is larger than the city of Paris.

With 5.4 million square meters, the Port of Antwerp has more storage facilities than all other ports in northwest Europe combined. Following Brexit, Belgian ports will act as a new hub for European logistics; giving Irish companies direct access to mainland Europe by bypassing the UK25.

According to fDi Intelligence, prime rent in Belgium is one of the lowest in Western Europe26.

Creative sector
The European Investment Fund are providing a €25 million loan to the creative sector, aiding more than 140 SMEs in design, visual arts, music, and architecture27.

The Flanders region boasts particular strengths in the gaming industry and graphic engineering, with prospects in the virtual and augmented reality technologies28.
Information and Communications Technology (ICT)

There has been a substantial rise in e-commerce in Belgium. It is expected that the average consumer will spend 145% more online by 2021. Belgium is catching up with other digital economies at an accelerating pace; introducing a growing amount of opportunities within this sector.

Given that Belgian workspaces are becoming more digital through ‘connected’ offices and smart wearables, investment opportunities are growing within this sector.

New technological developments have not only transformed industries, but they have also changed the way businesses and citizens interact with the government. Instead of digitalizing existing administrative processes, embracing technology is an opportunity to improve the ‘user experience’ and radically reconsider how public services are offered in order to reduce costs and relieve administrative burdens. Although Belgium ranks 6th overall in the 2018 Digital Economy Index, above the EU average, it ranks only 13th in the digital public services subcategory; illustrating that there are market opportunities within this sector.

Chemicals

The chemical and plastics industries are part of the industrial pillars of the Belgian economy. Antwerp is growing its chemical cluster through digitisation, optimisation and collaboration. As such, there are continuous opportunities for companies across various industries.

Belgium is one of the top five suppliers of plastics and by-products imports worldwide.

Finance

This is one of the fastest growing sectors. Financial Intermediation dominates the sector, which helped the country record the fourth highest productivity level in the EU in 2018. It is also one of the fastest growing sectors.

There are also opportunities in mobile microinsurance and health services, automated actuarial services, self-insurance/P2P and parametric claims contracts amongst others.

Furthermore, Belgium is establishing itself as a significant player in the European FinTech space given its international talent pool, favourable investment environment, as well as being home to key financial utilities such as SWIFT and Euroclear. The Ministry of Finance has developed a vibrant FinTech ecosystem which has attracted growing amounts of capital to the sector. In just 3 years, Belgian FinTech start-ups raised almost $90m across 32 deals.

Agri-food

In 2017, 90% of Belgians stated that eating healthily was important for them, opening up an opportunity for functional health foods (“free from, low on, and rich in” products), organic products, beverages, pulses, nuts and seafood.

Nanotechnology is becoming increasingly significant in the food industry through nanofoods and nanomaterials in food, as well as nanotechnology in food packaging.
The business culture in Flanders and Wallonia broadly reflects that of the Netherlands and France respectively. It is an egalitarian society with over 97% of the population living in urban areas, with predominantly conservative values.

Appearance is important to Belgians, with professionals dressing formally in the business world, while punctuality is expected. Flanders is a top five knowledge region in Europe and home to world-famous institutes and universities. 23rd in Global Innovation Rankings, Belgium is the 4th highest scoring country in innovation, 6th for quality scientific research centres, and is 1st in Europe for cooperation between science and SMEs.

Travelling/Geography
Located in the heart of Europe, boarding France, Germany, the Netherlands and Luxembourg, Belgium is a first-rate location for any international business whose activities expand into Europe, and other areas of the world. It provides a quick and easy access to the European market, with access to 95% of Europe’s consumer market within 24 hours.

The Port of Antwerp is ranked no.2 in Europe in terms of connectivity and is located at the junction of the main rail corridors inside and outside Europe. Service providers invest heavily in the rail offerings to make it as quick and flexible as possible, providing a valid alternative to road transport.

Language
Belgium has three official languages: Dutch, French and German; while the population has a high proficiency ranking of 62% speaking the English language.

Routes to market
Direct sales from Ireland
Unlike other markets, local representatives are not always necessary. As a country heavily reliant on exports itself, Belgium is home to businesses which are naturally open to being approached by international companies. However, as a general rule, your route to market will be smoother when you have a local partner.

Consultant/Commercial agents
An agent is a self-employed person who acts as an outsourced sales resource, and can be an attractive option in Belgium. They can help you build sales leads more quickly and can be useful if you need to obtain certification for your product. Enterprise Ireland can put you in touch with possible agents in the Belgian market. It can also broker contacts with business accelerators, and experienced consultants. In Belgium, you may need to employ different agents depending on the region you intend to target.

Partnerships
Partnership agreements with an established company can be a way to gain a foothold or build sales opportunities that may be difficult to crack as a new entrant. Ensure you have a proper agreement in place, setting clear targets and responsibilities.

Distribution/Logistics
Having a distributor that purchases the product from you and resells it in Belgium enables you to take advantage of their leads and potential clients. Belgium is particularly well served in this respect, with the Port of Antwerp ensuring easy access for physical goods into the market. Distributors must be managed on an ongoing basis to ensure they are representing your brand effectively.

Joint ventures
Joint ventures and acquisitions can be a successful route to market, gaining you a foothold and bringing on board established contacts and market knowledge.
THINGS TO CONSIDER

Market landscape
It is a country heavily reliant on imports. In 2018, 63% of imports came from the EU, with 72% of Belgian exports going to the EU.41

Ranked at 8th place in the 2018 European Innovation Scoreboard42, Belgium stands above the EU average in terms of adaptive consumers, innovation linkages and collaboration.

Market trends
The Belgian economy continues to grow at a healthy pace.

The Belgian Government’s 2017-2020 tax reforms support SMEs and new business enterprises through lower corporate income tax, as well as an index jump which has helped bring down labour costs.43

Target market
Belgium is a very cost-efficient test market; a successful launch here is a good indicator of similar success in other European markets. If consumers in Belgium are willing to buy your new products, then it is likely that the average European consumer will too. This is partly due to Belgium’s multicultural workforce and diverse consumer base that reflects a miniature Europe; opening the door to international business. 80% of the continent’s purchasing power is situated within 800km around Brussels, while the country’s comprehensive system and distribution network makes it easy for companies to distribute their products.44

Market segmentation
Approximately 99% of Belgian enterprises are SMEs, employing about 70% of the population according to the EU Commission 2017 SBA Fact Sheet.45

Competitors
Foreign corporations account for roughly 30% of the top 3,000 corporations out of one million companies registered in Belgium. This makes it a highly-competitive landscape.46

As a country made up of three regions, the Belgians are known for their collaboration and commitment to provide business opportunities across all sectors.

Market research resources
Enterprise Ireland’s Market Research Centre offers client companies access to market intelligence in the form of company, sector, market and country information to explore opportunities and compete in international markets.47

Business culture
Business culture in Flanders mirrors that of the German or Dutch working culture as businesses tend to be organized horizontally. In contrast, Belgian-French business culture is similar to that of France, where businesses are structured according to a hierarchy. In general, the Flanders economy is considered to be more productive than its Walloon counterpart. Business meetings are conducted formally; therefore, meetings are structured, efficient, while it is critical that participants arrive on time. Due to regional differences, English is widely spoken.

Boots on the ground
Initial engagements do not require companies to have a local presence. However, in order to build up business relationships having a local partner will benefit your business in the long run.
Visa requirements
For citizens of EU states, there is no requirement for visas on temporary stays. For more information on working in Belgium, please see: https://www.belgium.be/en/work

Customs information
The EU is a Customs Union, meaning that its 28 member countries form a single territory for customs purposes. Therefore, no customs duties are paid on goods moving between EU Member States, all apply a common customs tariff for goods imported from outside the EU, and goods that have been legally imported can circulate throughout the EU with no further customs checks. For more information, see: www.finance.belgium.be/en/about_fps/structure_and_services/general_administrations/customs_and_excise

Tax Structures
The standard corporate tax rate was lowered to 29% and should lower again to 25% in 2020. SMEs have seen a decrease in their corporate tax rate to 20% during 2018 for the first €100,000 of taxable income.

From 2020, tax consolidation will be introduced enabling Belgian companies to transfer taxable profits to other Belgian affiliated companies with the aim to offset these profits against current-year tax losses.

Taxes on labour are being reduced in several steps between 2016 and 2020.

For more information, see: www.finance.belgium.be/en/about_fps/structure_and_services/general_administrations/taxation

Corporate structures
It is less common for companies to operate as a Belgian branch than to establish a local subsidiary. The main reason for this is that the liability of a branch is not “limited” and therefore Belgian creditors’ claims are extended to the assets of the foreign company.

There are seven ways a foreign company can operate in Belgium. Of these, Stock Corporations and Private Limited companies are the most common.

There is no residency requirement for shareholders or directors who can be individuals or entities. Registration with a public Belgian notary is usually required and a financial plan must be submitted prior to incorporation.

The Belgian Government provides an incentive for all new employers by exempting their first employee (hired within the period between 1st January 2017 and 31st December 2020) from National Social Security Office contributions.

Thereafter, the next five employees can be hired with a significant discount. For more information, see: www.employment.belgium.be/defaultTab.aspx?id=6224
HELPING YOU WIN IN BELGIUM

Enterprise Ireland Belgium office can provide business expertise to prepare, launch or develop your activities through each of our dedicated Market Advisors and the deep commercial knowledge and network they have built with both domestic and international networks.

Through Pre-Visit Support, we can provide regularly updated sectoral overviews of the Belgian market, suggest channels to market, a competitor analysis and evaluation of your market entry strategy. Through our network, we can arrange meetings with relevant contacts to gain a deeper insight into the market first hand.

In market support, we can provide introductions to buyers and decision makers, identify potential partners, and assist with product launches and workshops.

Every year Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:

• Inward buyer missions to Ireland
• Group stands at important international trade fairs
• Trade missions to Belgium
• Study visits to gain knowledge of the Belgian market
• Client knowledge events including seminars and workshops
• Networking events to build and enhance relationships with market contacts
• Further information is available at www.enterprise-ireland.com/events

Enterprise Ireland’s Belgium office has built up an excellent network of individuals who are able to work with our Irish client companies on developing their business. This includes market and sector specialists, business accelerators and members of Irish business associations, such as the Belgian Irish Business Association.
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