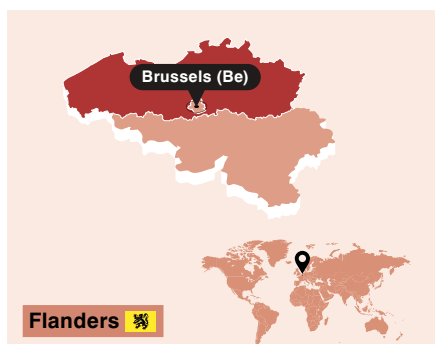


— FLANDERS —

# The lion in Belgium

TEXT International Affairs, Chamber of Commerce

PHOTO Getty Images



## Flanders

### Facts & figures

**Political capital:** Brussels

**Top Business cities:** Brussels, Antwerp, Bruges, Ghent, Hasselt, Leuven

**Business languages:** Flemish and English

**Business currency:** Euro (€)

**Working days:** Monday-Friday

**Time Zone:** CET / UTC +1

**Surface:** 13,625 km<sup>2</sup> (5 times the surface of Luxembourg)

**Population:** 6,589,069 (2019)

**GDP per capita (PPS):** 37,633 (2019) 19th in the world ranking (Luxembourg is 3rd)

**Growth rate:** 1.5% (2019)

**Inflation rate:** 1.4% (2019 for Belgium)

**Unemployment rate:** 3.3% (2019)

**Ease of doing business:** 46th among 191 countries ranked by World Bank (Luxembourg is 72th)

**Literacy rate:** 99%

**Internet users:** 88.66% of the population (2018 est.)

**Climate:** temperate; mild winters, cool summers; rainy, humid, cloudy but trending to warmer and drier summers

**Exports from Luxembourg to Flanders (goods):**

EUR 892.96 m

**Exports from Flanders to Luxembourg (goods):**

EUR 3,928.45 m

**Logistic Performance Index:** 4.04/5, 3rd out of 160 countries ranking by World Bank (Luxembourg is 24th)

**Corruption indicator:**

75 on a scale of 0 (highly corrupt) to 100 (very clean)

17 out of 180 countries ranked by Transparency International (2019)

**Main economic sectors:**

**Agriculture:** 0.74% (2017)

**Industry:** 21.98% (2017)

**Services:** 77.28% (2017)

Sources: Statistiek Vlaanderen, Eurostat, CIA World Factbook, OECD, World Bank, Transparency International, Instituut Nationale Rekeningen

The dynamism and agility of this Belgian region has made its reputation for more than a century now and when the latest development strategy came up in 2017, it chose the slogan, 'Flanders Accelerates!', which clearly underlines this approach once again. The ideal geographic location in central Europe, with direct access to the North Sea and its widespread internal transportation network, helped to make out of these Belgian flat lands a thriving industrial and commercially diversified hub. The links that exist between Flanders and Luxembourg are of such importance that it ranks among Luxembourg's Top 20 trading partners. But what more should you know about Flanders, famous for diamonds and coastal beach towns?

The economic success of Flanders is deeply rooted in the early industrialisation of this Belgian region. At the beginning of the 19th century, Flanders was among the first in Europe to go through the transformation from an agricultural into a trading and industrial economy. The foundation of this spirit finds its origins in the cities of Bruges and Ghent, both already important trading hubs in the Middle Ages, but turning into true centres of excellence when the modernisation of food processing and the textile industry kicked in, early in the 19th century. In 1811, the potential of Antwerp was identified by Napoleon Bonaparte when he ordered the construction of Antwerp's first lock and dock. Called the Bonaparte Dock, it was joined by a second dock, called the Willem Dock after the Dutch King, in 1813. Both docks are the cornerstones of the Port of Antwerp.

### The port as a portal

Nowadays, the Port of Antwerp and its surroundings are a bustling centre of the Flemish commercial and industrial economy and the port is Europe's second-largest seaport, continuously modernising its infrastructure to offer a state-of-the-art infrastructure to traders and investors. The port is also part of the reason why the Flemish economy is strongly export-oriented, in particular for exports of high value-added goods. The main exports are

automobiles, food and food products, iron and steel, finished diamonds, textiles, plastics, petroleum products, and non-ferrous metals. But Antwerp is also an important entry point for imports into Europe such as food products (the world's largest banana warehouse is located in Antwerp), machinery, rough diamonds, petroleum and petroleum products, chemicals, clothing and accessories and textiles.

Flanders accounts for 82% of Belgian foreign trade in goods and a closer look at those imports and exports shows that Flanders was very successful in attracting transforming industries, the diamond sector being for sure the most prominent example. Antwerp became the number one diamond market in the world and diamond exports account for roughly 1/10 of Belgian exports. Another example is the Antwerp-based BASF plant which accounts on its own for about 2% of Belgian exports.

Even if Flanders' secondary sector remains strong, the tertiary sector of services has developed rapidly and continues to do so, reaching 77% of the Flemish economy. This boost is perfectly illustrated by the rapid adoption of digital tools for trading. In 2011, 15% of Flemish enterprises' turnover originated from e-commerce, in 2019 this portion amounted already to almost 1/3.

Over the last decades, the Flemish region

Bruges



was successful in building a robust economy and achieved in 2018 a total GDP of EUR 270 billion. Per capita GDP at purchasing power parity was 20% above the EU average, further adding to the appeal of Flanders for working and living. For investors however, it is no secret that Flanders' workforce is consistently ranked among the world's most productive and talented, making it a highly competitive labour market with an unemployment rate of 3,3% in 2019.

### A glimpse of the future

Today Flanders is home to several science and technology institutes offering great opportunities for cooperation and collaboration in various sectors. IMEC, an international research and development organization, is active in the fields of nanoelectronics and digital technologies, while VITO, an independent research organisation, provides scientific advice and technological innovations that facilitate the transition to a sustainable society, and this in the areas of energy, chemistry, materials, health and land use.

In the 1980s Antwerp became famous for the 'Antwerp Six' thanks to the avant-garde fashion designers Bikkembergs, Demeulemeester, and Van Noten & Co. Over time, their creative spirit spilled over into many other sectors. In 2004, the Flemish government founded 'Flanders DC', a non-profit organisation which aims to make the Flemish economy more competitive through creativity, entrepreneurship and internationalisation. 'Flanders Make' was born as the strategic research centre for the manufacturing industry in order to stimulate open innovation and offers an extensive range of testing and validation infrastructure for products or production methods. 'Flanders Make' is a true success story and helped numerous companies to innovate better and faster.

All the efforts undertaken by the Flemish government and the numerous stakeholders come to fruition in Flanders' classification in international rankings: Flanders is second in Europe for its efforts in innovation, eighth for Global Workforce Happiness, and the world's third most international economy. To top it all off, Leuven was awarded the title of 'European Capital of Innovation' by the European Commission this year.

For more information, advice or guidance in looking into the Flemish market, please feel free to contact the Luxembourg Chamber of Commerce's Economic and Commercial Attachés in Belgium. —

### Useful contacts

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### What are your trade relations with Flanders?

A company succeeds faster and better if it understands the local economy. Therefore, we invested and are still investing our time in setting up good relationships with the local, regional and national authorities. I might say that we are perceived as a local company and that the ecosystem doesn't harbour any prejudices. The collaboration with the Flemish stakeholders is pleasant, the administrative procedures are surprisingly simplified. For instance, registrations are one-stop processes and shared ownership is not subject to public registration.

### What are the market's opportunities for Luxembourg based companies?

Flanders is set in one of the prosperous regions of Europe, easily accessible from the Netherlands and France and has immediate access to the German border-region and Luxembourg purchasing powers. It attracts business and residents within 500km of the region which makes it a prime business location as it represents 60% of Europe's purchasing power and covers one of the world's highest concentrations of people, money and industries. If you look at a road map, the density of its road networks will clearly show you the potential of a region's economic appeal to neighbouring regions and, in the case of Flanders, how thriving business is.

### What are the risks related to this market?

We always think about Belgium as a multicultural country with different language regions, and it truly is. Unlike Luxembourg, nevertheless, the regions, with the exception of Brussels, are clearly distinctive. As much as Walloons speak French, Flemish is the mother tongue of the Flemish people and its business. Not being able to communicate in the Flemish administrative language and address clients' needs in the retail or B2B sector might impact the development of a company.

### What advice would you give to entrepreneurs who are interested in working with Flanders?

Flanders historically contributed to the development of Europe in a decisive way and for a long period of time has been at the crossroads of European trade and therefore cultures. Nevertheless, although companies might quickly become familiarised with Flanders, legislation presents a number of variances from our national jurisdiction. This is particularly true in the field of human resources and tax law. I favour getting advice from local experts, be it attorneys, trustees, HR experts, or financial advisers, and would recommend following this advice when setting up a business or working in Flanders.