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**BELGIUM TRADE REPORT**

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# 1 Country Profile

## 1.1 Geography

Belgium is located in Western Europe, bordering the North Sea, between France and the Netherlands, through it has other border countries as Germany and Luxemburg. Belgium's surface is 32,547sq. km. And its coastline is 66.5 km. Belgium became independent from the Netherlands in 1830 and was occupied by Germany during World War I and II. Nowadays is a modern, technologically advanced European state and member of NATO and EU. Tensions between the Dutch- speaking Flemish of the north (58%) and the French-speaking Wallons (31.7%) of the south have led in recent years to constitutional amendments granting these regions formal recognition and autonomy.

Brussels is the capital of Belgium. This city is also the capital of the European Community and of Flanders, one of the country's Regions. The population is quite dense (333 persons/km<sup>2</sup>). About 1 Million people live in Brussels. 5,9 Million live in Flanders (the Northern part of the country, outside Brussels), 3,3 Million live in Wallonie (to the south of Leuven). Antwerp is one of the biggest harbours in Europe. Namur is the capital of Wallonie. Brugge (Bruges) is a very touristy city that has kept its medieval look.



## **1.2 Population and Cultural Background**

Belgium has a population of 10,364,388 (July 2005 est.). The annual population growth rate is 0.15%. The age structure is as follows:

- 0-14 years: 16.9%
- 15-64 years: 65.7%
- 65 yrs and over: 17.4%

The median total age is 40.55 yrs and the life expectancy at birth is 78.6 yrs. Total fertility rate is 1.64 children born/women. Ethnic groups: Flemish 58%, Walloon 31%, mixed or other 11%. Religions: Roman Catholic 75%, Protestant or other 25%. Languages: Dutch (official) 60%, French (official) 40%, German (official) less than 1%, legally bilingual (Dutch and French). Literacy: age 15 and over can read and write, 98%.

Flanders accounts for 65% of the Belgian economy. It probably has the best-educated workforce in the world. Education is free and mandatory till the age of 18. The cost of attending university is very low too (especially compared to the US and the UK). And this investment in people pays off. In a 2001 study of the OESO the Flemish Youth (aged 15) scored the best in the World for maths and reading comprehension while they ended third for sciences (after Japan and North Korea). The Flemish education system also teaches its high school students 3 to 4 languages. No wonder that in July 1998, Flanders had less than 7% unemployment, which is among the best numbers in Europe (the European average was 11,5%).

The minimum wage is 6,77 USD, one of the highest in the world (OESO study, early 1998), compared to 5,15 USD for the USA. Despite heavy taxes (up to 60%), a very high rate of the population owns its own house (compared France, the UK, the Netherlands, you will get a larger house for less money...). And the Health of nations survey by WMRC (World Markets Research Center) on Health Care (March 2002) selected Belgium as the country with the best quality of medical services world wide (and these services are the most accessible to everyone as well)!

According to "We Europeans", a book by Richard Hill, the Belgians have a reputation of being pragmatic (or opportunistic), materialistic and open-minded. They are not very chauvinistic and they insist on their individual rights. They have a natural affinity with creature

comforts, the sorts of things that money will buy, like good food, a cosy home (every Belgian has 'a brick in his belly'), a smart car and so on. "Manneken Pis" and "Friet met Mayonnaise" are considered National symbols.

Life in Belgium is good. Belgium also has reputation for offering better French Kitchen than what you'll find in France. Typical for Belgium are its beers: Belgium has the greatest diversity of beers (over 600 or so), many of them flavoured with herbs, spices and fruits.

The population in Belgium is pretty diverse for Europe. About 10% of the people living here have another nationality. Apart from Eurocrats, and international managers, large groups of immigrants came from countries like Italy, Morocco and Turkey. There are also about 600.000 Belgians living abroad. The country's official languages are Dutch, French and German. A lot of Belgians speak several languages. In Flanders, the population has Dutch a native language. In Wallonie they speak French. In Brussels, both languages are spoken. A lot of Belgians also speak English.

### **1.3 Political System**

Flanders has historically been among the richest regions of Europe (and it still is). In the 15th century Bruges was one of the biggest harbours of Europe. This role was taken over by Antwerp in the 16th century. A third "art city", Gent, also has a large port and a rich cultural background. Now Brussels, the fourth of the "art Cities", is the capital of the European Community. Belgium has been called "an accident of history". It is made of leftovers of other European countries. During the history it has been part of the Roman, French, Spanish, Austrian Empire. When Napoleon was defeated in 1815, it was merged with The Netherlands, but it finally gained its independence in 1830 after a revolution. Due to its central location in Europe, Belgium was the site for many "famous" battles, such as Waterloo, where Napoleon was defeated. During World War One (1914-1918), a part of Flanders was the main battlefield of Europe, around the city of Ypres. The country was again occupied by the Germans during the Second World War and remains known for the battle of the Ardennes (Winter 1944). The national holiday is July 21<sup>st</sup>.

Belgium is a Kingdom with a democratic elected parliament, but the government is really "in control". The prime minister and his ministers are pulling the strings of the members

of parliament. The only real significance of the king is that his task is to keep Belgium together, as some say. Apart from the Federal Government, each region has its own elected parliament and government. Matters like education, health care, environment, and agriculture are governed from a regional level. The conventional long form for the country name is Kingdom of Belgium and the government type is a federal parliamentary democracy under a constitutional monarch. The capital is Brussels and there are the following administrative divisions:

**10 provinces:** Antwerp, Brabant Wallon, Hainaut, Liege, Limburg, Luxembourg, Namur, Oost-Vlaanderem, Vlaams-Brabant, West-Vlaanderem. And **three regions:** Brussels, Flanders, Wallonia. As a result of the 1993 constitutional revision, there are now three levels of government (federal, regional and linguistic community) with a complex division of responsibilities.

Belgium legal system is based in civil law system influenced by the English constitutional theory; judicial review of legislative acts; accepts compulsory ICJ jurisdiction with reservations. The monarch formally appoints the Council of Ministers. The monarchy is hereditary. King Albert II is chief of state and the Prime Minister is head of government. Following legislative elections, the leader of the majority party or the leader of the majority coalition is usually appointed prime minister by the monarch and then approved by parliament.

Bilateral parliament consists of a Senate where 71 seats are directly elected by popular vote, 31 are indirectly elected; members serve four-years terms. Chamber of Deputies has 150 seats; members are directly elected on the bases of proportional representation to serve 4-years terms.

Last elections held on 18 May 2003 gave the following composition for Chamber of Deputies: Flemish parties: Christian Democrats and Flemish or CD&V: 13.3%, Flemish Liberal Democrats or VLD: 15.4%, Socialist Party.Alternative or SP.A-Spirit: 14.9%, Flemish Interest or VB (Vlaams Belang): 11.6%. Francophone parties: Socialist party or SP: 13%, Reformist Movement or MR: 11.4%, Humanist & Democratic Center of CDH: 5.5%, Ecolo (Francophone Greens): 3.1%. As we can see, it is a very complex political composition.

Besides, there are a lot of political pressures groups, among them Christian, socialist and liberal trade unions, federation of Belgian industries, several associations representing bankers, manufacturers, legal and medical professions; various organizations represent cultural interests of Flanders and Wallonia.

Belgium is a federal state composed of a central government, three regional governments (Flemish, Walloon and Brussels) and three different language communities (Dutch, French and German). The federal government is responsible for foreign affairs, national security, defence, taxes, and issues relating to the European economic and monetary union, while the regions manage a wide variety of socio-economic matters. Under the evolving federal system, the responsibility for areas of interest to Canadian business such as foreign trade, environment, investment regimes and incentives will increasingly become the responsibility of the regional governments.

#### **1.4 Economic Overview**

The main comparative advantages of Belgium are:

- Central geographic location
- Highly developed transport network
- Diversified industry and commercial base.

Belgium is an outward looking country heavily reliant on trade. The country boasts tremendous infrastructure and is regarded as an ideal transit and distribution headquarters. The cosmopolitan and international nature of Belgium makes it an ideal European test market for North American products and services. The domestic market is small enough that a huge commitment to a new product in Europe is not necessary, yet it is so diverse and competitive that it gives a representative sample of potential European and major international competitors. Both the Belgian government and its citizens support international commercial industries. Its capital, Brussels, is home to the headquarters of the European Union (EU) and NATO, as well as hundreds of international institutions, associations and multinational corporations.

Given its size, Belgium is very much directed towards international trade. 80% of its production is for exports (for 75% to other countries within the European Community). Industry is concentrated mainly in the Flemish area; country's north. Belgium has few natural

resources. Therefore, it must to import huge amounts of raw materials to be transformed in products, which have higher added value. It exports a large volume of manufactures, making this economy very dependent of world markets<sup>i</sup>.

Labor force is about 4.77 million (2005 est.) and the occupation structure is: agriculture 1.3%, industry 24.5%, services 74.2%. The population below poverty line is 4%.The Gini index (for distribution of family income) is 25, which shows a more balanced income distribution than most of countries in the world.

GDP (ppp) is \$US 324.3 billion (2005 estim.) and the GDP (official exchange rate) is \$US 361.4 billion.

This modern private enterprise economy has capitalized on its central geographic location, highly developed transport network, and diversified industrial and commercial base. 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 manufactures, making its economy unusually dependent on the state of world markets. Roughly three-quarters of its trade is with other EU countries. Public debt is nearly 100% of GDP. On the positive side, the government has succeeded in balancing its budget, and income distribution is relatively equal. Belgium began circulating the euro currency in January 2002. Economic growth in 2001-03 dropped sharply because of the global economic slowdown, with moderate recovery in 2004-05.<sup>ii</sup>

## **1.5 Economic Structure**

In 2005, agricultural contributed 1.3% to the Belgian GDP while industry accounted for 24.7% and the remaining 74% is generated by the service sector. Main agricultural products are: sugar beets, fresh vegetables, fruits, grain, tobacco; beef, veal, pork, milk. Main industrial products; engineering and metal products, motor vehicle assembly, transportation equipment, scientific instruments, processed food and beverages, chemicals, basic metals, textiles, glass, petroleum.

### 1.5.1 Investment Rate

Belgium investment rate (gross fixed) is 19.1% of GDP (2004 est.). The investment has grown in the last years with the following rates: 4.2% (2004), 4.6% (2005) and 3.9% (2006, p.).

### 1.5.2 Productivity

After achieving 3.7 percent economic growth in 2000, Belgian GDP growth fell sharply to 0.7 percent both in 2001 and 2002. Led by private consumption and export growth, GDP growth was higher than the euro-zone average, at 1.1 percent in 2003, and Belgian domestic demand was considerably stronger than the euro-zone average. With private consumption growth continuing and stronger demand in Belgium's export markets, economic growth rates for 2002-2005 were:

Year	GDP in billions of USD PPP	% GDP Growth
2002	286.239	0.7
2003	294.663	1.1
2004	309.011	2.7
2005	324.299	1.2
2006 (p)	338.130	2.0

Productivity is almost 20% higher per inhabitant in Flanders than in Wallonia. Flanders managed to attract more, and more diversified investments from multinationals while Walloon economy relied more on heavy industry, and suffered more from the worldwide move away from it. Nowadays, Wallonia attracts as much as Flanders, have the same growth, but still suffers a bit from being late.<sup>iii</sup> Regarding the total productivity index, Belgium is ranked 7<sup>th</sup> among 60 countries. Its work force is highly qualified.

### 1.5.3 Inflation

It was 2.7% in 2005.

### 1.5.4 Unemployment

The unemployment rate estimated for 2005 was 7.6%. Belgium registered 8.2 percent unemployment at the end of May 2004, a full point higher than the year before, though still

below the EU average. This reflects a larger number of entrants onto the labour market, up 0.5 percent last year, and is partly due to the regularization of a substantial number of illegal immigrants in 2001. More fundamentally, it reflects the shifting of employment from manufacturing to the service sector. A chronic problem of the Belgian economy is its low labour market participation rate, which fell to 58.8 percent in 2003.

The national unemployment figures mask considerable differences between Flanders and Wallonia. Unemployment in Wallonia is mainly structural, while in Flanders it is cyclical. Flanders' unemployment level equals only half that of Wallonia. For many years, sunset industries (mainly coal and steel) dominated in Wallonia and sunrise industries (chemicals, high-tech, and services) in Flanders. Nowadays, many new investments in transportation (Charleroi and Liège airport), computer and biotechnology industry, spatial and aeronautic, are slowly changing the industrial landscape and employment rate in Wallonia.

## **1.6 Government Finances**

As for government budget its revenues are \$US 180.4 billion (2005), expenditures 180.5 \$US billion (including capital expenditures 1.56 \$US billion) and public debt amounts to the 93.6% of GDP. External debt was 980.1 \$US as for 30 June 2005. Reserves of foreign exchange and gold: 13.99 billion \$US, estimated for 2004.

## **1.7 Balance Of Payment**

Belgium has been running a substantial current-account surplus in recent years. However, the surplus fell from 4.7 percent of GDP in 2002 to 3.4 percent in 2003 as a combined result of a lower trade surplus, reduced investment income earnings and an increased transfer deficit. The forecast was that the external current account surplus would stabilize at about 3 percent of GDP in 2004-05 (see annexes).

## **1.8 International Organizations**

Successive Belgian governments have been committed to the development of a strong European Union with common foreign, security and economic policies. These governments have also been proponents of close transatlantic ties through the North Atlantic Treaty Organization (NATO) and other institutions.

Belgium is a longstanding supporter of increased European political and economic integration. The country has consistently advocated the lowering of barriers on the movement of goods, services, capital and labour within Europe, which will benefit European and foreign businesses alike.

Belgium is home to the European Union, NATO and over 100 other international organizations. For its size, Belgium is a substantial aid donor, contributing bilaterally and multilaterally to humanitarian aid and development programs. Belgian peacekeeping troops remain stationed in Afghanistan, Kosovo and Bosnia-Herzegovina; previous areas include Somalia and Rwanda. As a member of the IMF Executive Board, the G-10, the Board of Governors of the IAEA, and other organizations, Belgium plays a significant role in world affairs.

Relations between the Canada and Belgium are close, as they have been for most of the past century. Belgium is member of these international organizations: ACCT, AfDB, AsDB, Australia Group, Benelux, BIS, CE, CERN, EAPC, EBRD, EIB, EMU, ESA, EU, FAO, G- 9, G-10, IADB, IAEA, IBRD, ICAO, ICC, ICct, ICFTU, ICRM, IDA, IEA, IFAD, IFC, IFRCs, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, ISO, ITU, MIGA, MONUC, NATO, NEA, NSG, OAS (observer), OECD, ONUB, OPCW, OSCE, Paris Club, PCA, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNITAR, UNMOGIP, UNRWA, UNTSO, UPU, WADB (nonregional), WCL, WCO, WEU, WHO, WIPO, WMO, WTO, ZC <sup>iv</sup>

### **1.9 Global Ranking**

Belgium is very well ranked among the 60 main economies in the following aspects: 4<sup>th</sup> in exports of goods as % of GDP, 4<sup>th</sup> in Direct foreign Investment outwards as % of GDP, 6<sup>th</sup> in economics openings measured as  $(X+M)/2 \cdot GDP$ , 8<sup>th</sup> in FDI as % of GDP, 9<sup>th</sup> in exports of goods and services as % of GDP.<sup>v</sup> On other hand it is in the last positions regarding total taxes as % of the GDP, labour costs, government efficacy.

## **2 International Trade**

Belgium is an open economy, which has been running substantial external surpluses for several years. In 2004 its trade and current account surpluses amounted to US\$9bn and US\$12bn respectively.

Belgium's exports totalled nearly C\$ 326 billion in 2003. More than 75% of these exports went to its EU partners. As a result of the stability and growth of European economies, Belgium is fairly well sheltered from the risks associated with exporting to developing countries or countries in financial crisis. Its consumer market is very solid due to the fact that a large proportion of its economy comes from the services sector; the presence nearly 20 000 European public servants, diplomats and international associations alone generates annual economic spin-offs worth C\$ 10 billion. Belgian imports totalled C\$ 298 billion in 2003.

- Total exports and imports ( see annexes)
- Main destinations (also see annexes for more detailed description)

Leading markets 2004	% of total	Leading suppliers 2004	% of total
Germany	17.5	Netherlands	19.9
France	17.4	Germany	16.6
Netherlands	12.9	France	13.7
UK	8.6	UK	7.8
Italy	5.4	US	5.6
EU	77.4	EU	74

Leading markets (Source: Economist.com <sup>vi</sup>)

Major exports 2004	% of total	Major imports 2004	% of total
Chemicals	28.5	Chemicals, plastics&rubber	25.8
Machinery excl transport equipment	16.2	Machinery excl transport equipment	16.4
Transport equipment	17.3	Transport equipment	13.0
Agriculture, food&drink	10.7	Mineral fuels	11.7

Major Exports (Source: Economist.com <sup>vii</sup>)

## 2.1 Evolution of Exports-Imports

Exports and imports of goods and services have been growing as follows:

	2002	2003	2004	2005	2006(p)
Exports of goods &serv.	1.0%	2.8%	5.6%	2.3%	5.0%.
Imports of goods &serv.	0.2%	2.9%	6.3%	3.5%	4.3% <sup>viii</sup>

### **2.1.1 State of Bilateral Relations with Canada** <sup>ix</sup>

Canada and Belgium are both endowed with a federal political regime in which important powers lie in the hands of regions and communities (in the case of Belgium) and with provinces and territories (in the case of Canada). In Canada, Belgium is represented by its Embassy in Ottawa and has consulates general in Montreal and Toronto. The three Belgian regions (Flanders, Wallonia and Brussels-Capital), meanwhile, each have offices in Montreal. The first two maintain a second trade office in Toronto. For its part, the French-speaking Community has a representative in Quebec City.

In Belgium, the Canadian government maintains three missions including the Embassy to the Kingdom of Belgium, the Mission to the European Union (EU) and the NATO headquarters mission, all of which are located in the capital, Brussels. Quebec also has a General Delegation in the city. Bilateral trade relations are sustained by the Canada-Belgium-Luxembourg chambers of commerce in Brussels and Montreal and by the Canada-Belgium Committee, an organization which brings together fifteen influential companies on each side of the Atlantic.

The foreign policies of both countries are based on multilateralism: Canada and Belgium are members of the United Nations (UN), the North Atlantic Treaty Organization (NATO), La Francophonie, the Organization for Security and Co-operation in Europe (OSCE) and the Organization for Economic Cooperation and Development (OECD). The two countries also subscribe to the establishment of strong transatlantic bonds in such fields as defence and trade.

Furthermore, Canada and Belgium both believe strongly in the importance of human security, a concept that reunites several themes such as the rights of the person and the necessity to put an end to the use of antipersonnel mines and child-soldiers. In brief, the main objective is to preserve not only the security of states but also that of human beings, especially those who live in areas of conflict. Finally, both countries are highly active in the sector of development aid, with a high concentration on Africa.

### **2.1.2 Bilateral Trade**

In regards to bilateral trade, Belgium is Canada's 9th largest export market worldwide, receiving just over C\$ 2.2 billion worth of Canadian merchandise in 2004. The port of Antwerp is one of the most important entry points for Canadian goods in Europe (alongside Rotterdam in the Netherlands). Canada's main exports to Belgium are precious stones, ore, and papermaking pulp and machinery. In return, Canada imported approximately C\$ 1.35 billion from Belgium in 2004. Main imports include automobiles, pharmaceutical products and machinery. The Canadian trade balance with Belgium has led to a surplus the last 6 years 2004.

Canada's merchandise exports to Belgium holds 0.54% share of total Canadian exports. Imports from Belgium are 0.38% of total Canadian imports. Canada's rank in 2002 among importers of Belgium goods was 22 (1,230 million USD) and US was 5<sup>th</sup> with imports for 14,155 million USD. Mexico does stand even among the first 30 importers, so we should assume that its share is insignificant. Belgian exports to NAFTA were about 15,400 million USD in 2002. It is 8.27% of total Belgian exports.

Trade between Canada and Belgium has been always marginal for both countries. In 1999 Belgium ranked 8<sup>th</sup> as Canadian export market and its share in Canadian exports reached only 0.53% (1.880.000 \$C for Canadian exports and 932.000 \$C for Canadian imports from Belgium). So from 1999 to 2004 trade between these 2 countries has stalled and surpluses still are for Canadian side.

## ***2.2 Direct Investment between Canada and Belgium***

Bilateral investment is very important for both countries. The total value of Canadian investment in Belgium in 2002 increased by 39.9% over 2001 figures to C\$4.2 billion. In the opposite direction, Belgian investment in Canada amounted to C\$3.85 billion in 2002. The combined figures of Belgian and Luxembourg investment in Canada reached C\$7.5 billion (an increase of 10.68% over 2001).

There are more than 65 Belgian subsidiaries are established in Canada and approximately the same number of Canadian affiliates are located in Belgium. The main Belgian affiliates in Canada are: **Pauwels, Tractebel, Interbrew, Solvay, Groupe Bruxelles**

**Lambert, Agfa, Carmeuse, Umicore, Barry Callebaut, Cobepa, Diamond High Council, Holderbank (Ciments St.Laurent), Bekaert, Etex, Mestdagh, Puratos, Schreder, Arinso, Katoen Natie and ASCO.**

On the Canadian side, the most famous names are **Bombardier** and **McCain**, but other companies are also present including: **Magna International, TDS, Decoma, Nortel Networks, Québecor, CGI, Geac Computers, SNC-Lavalin, Canada Maritime Agency, Fednav, CAST, Lumonics, MDS Nordion, Woodbridge, Aber Diamonds, BHP-Billiton, and Rio Tinto Diamonds.**

## **2.3 Capital Flows**

### **2.3.1 Investment Climate<sup>x</sup>**

Belgium has an attractive foreign investment climate. Foreign and domestic firms are treated equally, and no approval is required for new investments, with the exception of the banking, insurance, broadcasting, or transport industries. A takeover law requires each owner of 5 percent or more of a corporation's voting stock to notify the Ministry of Economic Affairs and the Banking and Finance Commission. There are few restrictions on foreign investment that do not also apply to domestic investment. Belgium requires majority domestic or European Union ownership in the aviation sector and inland shipping, as well as for Belgian flag vessels operated by shipping companies that do not have their main office in Belgium. There are some restrictions on non-EU investment in public works as required under EU regulations. There are no restrictions on the purchasing of real estate, repatriation of profit, or transfer of capital.

### **2.3.2 Efficient Capital Markets and Portfolio Investment**

Because the Belgian economy is directed toward international trade, more than half of its banking activities involve foreign countries. Belgian's major banks are represented in the financial and commercial centers of dozens of countries by subsidiaries, branch offices and representative offices. There are 66 different banks represented in Belgium, including 12 branches of foreign banks. Belgium is one of the countries with the highest number of banks

per capita in the world. Mergers and acquisitions were a prominent feature in the Belgian banking sector throughout the 1990s. Belgium's three largest banks have combined assets of \$443 billion. The total assets of the banking system are approximately \$629 billion. The banking system is considered sound. The country's banks use modern, automated systems for domestic and international transactions. The Society for Worldwide Interbank Financial Telecommunications (**SWIFT**) has its headquarters in Brussels. **Euroclear**, a clearing entity for transactions in stocks and other securities, is also located in Brussels.

Belgium also has a well-established stock market. In fact, the first stock market ever was organized in Antwerp in the 14th century. At the end of 2000, the Brussels stock market merged with the Paris and Amsterdam bourses into **Euronext**, a Pan-European stock-trading platform. A company may increase its capital either by capitalizing reserves or by issuing new shares. An increase in capital requires a legal registration procedure. New shares may be offered either to the public or to existing shareholders. Public notice is not required if the offer is to existing shareholders, who may subscribe to the new shares directly. An issue of bonds to the public is subject to the same requirements as a public issue of shares: the company's capital must be entirely paid up, and existing shareholders must be given preferential subscription rights.

In Belgium, there are many cases of cross-shareholding and stable shareholder arrangements, but never with the express intent to keep out foreign investors. Likewise, anti-takeover defences are designed to protect against all potential hostile takeovers, not only foreign hostile takeovers.

## **2.4 International Trade Issues**

“Belgium's positions on international trade within the framework of the European Union are first drawn up internally in consultation with all appropriate federal, Community and regional administrations. This joint position is then put forward at EU level in Committee 133, which deals with all trade-related issues and where the European Commission studies proposals with Member States.

*It is important to note, though, that there is also permanent dialogue with civil society, for example with employers' and workers' organisations, non-governmental organisations, and other interested organisations and associations.”<sup>XI</sup>*

*"It is important to note in this context that it is the European Commission that negotiates at the WTO on behalf of the European Union. The Commission is authorised to negotiate by the Council of the European Union and is supported in day-to-day management of issues by Advisory Committee 133 (named after the Article number of the EU Treaty pertaining to trade policy), which represents all the Member States".<sup>xii</sup>*

#### **2.4.1 WTO Rules Against EU in Biotech Row**

The World Trade Organisation (WTO) has indicated a European moratorium on genetically modified products violated international rules, as it was not justified by scientific evidence. In an interim report unveiled on Tuesday (7 February), the Geneva-based organisation argued that the EU was wrong in preventing the use of new modified varieties of corn, soybeans and cotton between 1998 and 2004 on its market.

The complaint against Brussels was filed by the US, Argentina and Canada in 2003. But the WTO also blasted Austria, France, Germany, Greece, Italy and Luxembourg for retaining their separate national bans on the GMO crops, even those approved by the European Commission. The US officials, biotech industry and farm groups have welcomed the move. "We're hoping that it is going to send a strong message to other WTO members that biotech approvals must be science-based and can't take the amount of time that the EU has taken in approving their biotech products," said Michelle Gorman from the American Farm Bureau Federation, according to FT Europe. The European Commission hinted it would wait until the final decision by the global trade watchdog later this year before commenting on it. But environmentalist groups have already expressed their disappointment

For More Complaints Against Belgium, Please See Annexes 6.1.

### **3 International Trade Policy**

Belgium is a highly competitive market and so the Belgian importer is looking for the best quality at the lowest price. American products and technology are highly regarded, but they do not command higher prices than competitive products. One must consider that, while Belgium is an important market in its own right, it is also the country of entry for many imports with destinations throughout Europe. This environment gives Belgian buyers access to a wide range of products at competitive prices in their own market. Belgium is not a highly litigious country. Nevertheless, Canadian companies should consult local attorneys when drawing up

an agent or a distribution agreement. Local attorneys are also needed when registering patents, trademarks, or copyrights. Ultimately, local legal advice is critical when setting up an office, or when establishing a distribution, service or coordination centres.

### **3.1 *Leading Sectors for Exports and Investments***

- Automotive: Parts and Services Equipment
- Biotechnology
- Computer Services
- Computer Software
- Consumer goods
- Electric Power Systems and Services
- Environmental Technologies
- Plastic Materials and Resins
- Telecommunication Equipment
- Telecommunications Services
- Textile Fabrics
- Travel and Tourism Services

#### **3.1.1 Automotive : Parts and Services Equipment**

Belgium's automotive industry has always been one of the strongest components of its economy. Belgium is a world leader in the car assembly industry; with more than 95 percent of its output destined for export, Belgium has the highest per capita production in the world. Belgium's car assembly industry including Ford, Opel, Volvo and Volkswagen, employs 60,000 direct employees, yielding an average annual output of one million vehicles. This production is valued at \$US 14.1 billion. Investor confidence is strong as reflected in the impressive \$US 350 million annual investments by Ford, GM, Chrysler and Volkswagen. Currently, Volvo cars and Ford are restructuring their production lines. In addition passenger cars, Belgium assembles trucks, buses and trailers. Van Hool, Volvo Europa, Daf, and Jonckheere are the major manufacturers, employing over 10,000 and generating an annual turnover of \$US 2.7 billion.

#### **3.1.2 Biotechnology**

Belgium maintains a well-structured network of world acclaimed scientists, prominent **research institutions and universities**. The availability of high-quality advanced science and technology has attracted many research-oriented multinationals. While Belgium

represents less than 3 percent of the European population, it boasts approximately 100 biotech companies, employing 4,700, and creating net revenue of \$1.6 billion. The first Belgian biotechnological companies developed due to the presence of 16 university centers and research parks.

Opportunities exist and are rapidly growing in research partnerships and collaboration, within the strong network of academic and research institutions. This is a result of the outsourcing policies of large companies. Most Belgian companies are interested in promoting technology transfer within the industry, creating and strengthening alliances, and accelerating the commercialization of research results. Strong collaboration between science-based academic teams, entrepreneurs and industries investing in Belgium are a well-established feature of Belgian biotechnology. In particular, international companies developing activities and investing in Belgium, can benefit from financial subsidies at three levels: Federal (the Belgian state), Regional (the three regions) and European (EU). The healthcare sector represents 77 percent of total biotech activity. This covers various areas: design and development of new drugs, preparation of the drugs for use, production, distribution and marketing. Other companies are active in the so-called platform technologies that support design and development, and some in the sector of medical diagnostics. Finally, there are two service companies whose range of services is entirely geared towards bio-information technology and the protection of intellectual property rights.

Biotechnology is not an industry sector unto itself but rather a methodology that can be applied within various sectors. These sectors include pharmaceutical, chemical, and agricultural products. Biological research is very expensive, costing much more than traditional research. Investors know that it can take up to \$600 million and several years to perfect a new medicine. Belgian biotech companies active in drug discovery have launched only three products to date. Five are in the pipeline. Products range from tissue repair to a new generation of anti- HIV drugs, drugs for parasitic and infectious diseases, cancer and Alzheimer's. Many of these young biotech companies have signed collaborative agreements with pharmaceutical firms.

### **3.2 Effects of the EU Single Market**

Belgium is a member of the EU single market, comprising some 370 million consumers. As a consequence, it participates in the process of developing and implementing harmonized product standards applicable in all 25-member nations. As of January 1, 1993, the EU (in theory) became borderless, allowing for the free movement of goods and services between member nations. There are common duty rates among all EU members on products imported from non-EU countries. VAT (Value Added Tax) rates are also in the process of being harmonized among the member states, which might facilitate their access to regional market.

For example, the single market does not change language and cultural differences between national markets, nor does it eliminate differences in consumer buying patterns or distribution channels. Few distributors have the capability to effectively distribute a product or service in all 15-member states. This problem is compounded by the legal differences in the treatment of agents and distributors within the EU member states. Most American firms should consider maintaining separate distributors in individual EU markets. It is also vital to obtain sound legal advice in each country. This need to support multiple strategic and marketing programs will certainly limit the benefits that a company would hope to accrue from the EU single market.<sup>xiii</sup>

### **3.3 Trade Barriers**

Belgium maintains a fairly transparent business and political climate. However, that does not always translate into a commercial environment that is easy for an Canadian company to understand or navigate. As a result, companies do sometimes encounter trade problems. These problems often result from the Belgian tendency to compromise and avoid confrontation. Misunderstandings sometimes result from the unclear division of responsibilities among local, regional and federal authorities. This lack of clear responsibility can lead to bureaucratic delays and inconsistent legislation. Nevertheless, Belgium offers an excellent commercial environment for Canadian companies<sup>xiv</sup>.

In recent years, the European Union under its "New Approach" has taken a prominent role in developing harmonized, EU-wide standards. Prior to EU harmonization, each member

country had its own national body for developing standards. At times these nationally legislated standards could differ from one another and come into conflict, creating technical barriers to trade among EU countries. Today, there are three bodies that create standards at the EU level: The European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC), and the European Telecommunications Standards Institute (ETSI). Standards issued by these bodies supersede any national standards that may exist. While the harmonization of European standards may facilitate easier access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also become barriers to trade if Canadian standards are different from those of the European Union.

### ***3.4 Free Trade Zones/Warehouses***

While Belgium has no free trade zones, it does have bonded warehouses located near the port of Antwerp and the international airport. In addition, with the authorization of the customs authorities, a firm may create a private bonded warehouse and thereby delay and even avoid payment of customs duties (in the case of re-exports outside the EU). Private bonded warehouses can be established anywhere in Belgium, not just around the harbours or airports. These warehouses can be part of a company's manufacturing or distribution site. Goods may remain in such warehouses for up to one year, with duties and VAT payable only upon sale within Belgium or in cases of re-export to other countries within the EU. A bank guarantee and certain reporting requirements are necessary to operate such a facility, and there are other stipulations governing such a warehouse.

Belgium has a number of location-related factors that enhance its attractiveness for foreign investors. The country offers the logistical advantages of an excellent transport infrastructure, a geographic position as the centre of the European Union, many high-quality industrial sites, and a skilled and productive workforce. Belgium is not only the political center of European Union governance, but the commercial center as well. Brussels lies in the center of a 600-kilometer radius within which 70 percent of all the purchasing power of the European Union is located; Belgium therefore provides an excellent base for reaching the increasingly integrated European market. Regarding openness to Foreign Investment, Belgium has traditionally maintained an open economy, highly dependent on imports and

international trade for its well-being. Since WWII, foreign investment has played a vital role in the Belgian economy, providing technology and employment. Both the federal and the regional governments encourage foreign investment on a national treatment basis. Foreign corporations in Belgium account for about one-third of the top 3,000 corporations.

### ***3.5 Takeover Legislation***

Belgium has a takeover law that requires all owners of five percent or more of a corporation's total voting stock to notify both the Ministry of Economic Affairs and the Banking and Finance Commission. For each additional ownership increment of five percentage points, further disclosures are required. In exchange for this enhanced protection against corporate raiders (who can no longer operate anonymously), all companies listed on the Brussels Stock Exchange are required to provide detailed information on their corporate ownership structure to the Banking and Finance Commission. In a takeover bid or public offer, the bidder must file with the Banking and Finance Commission a statement revealing its own financial credentials in combination with the details of the deal. Under EU law, very large mergers (\$3 billion or more in combined turnover) must be approved by the EU Commission (formerly DG-IV, the Directorate General for Competition Policy). Belgian corporate legislation was changed in 1990 to prevent golden parachutes as well as poison pills and other techniques used to block corporate raiders.

### ***3.6 Trade Related Aspects of Intellectual Property Rights***

Belgium has fully implemented the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (**TRIPS**). Transparency of the Regulatory System: the Belgian Government has adopted a generally transparent competition policy and effective laws foster competition. Tax, labor, health, safety, and other laws and policies to avoid distortions or impediments to the efficient mobilization and allocation of investment exist comparable to those in other European Union member states. Nevertheless, foreign and domestic investors in some sectors face stringent regulations designed to protect small and medium-sized enterprises. Many companies in Belgium also try to limit their number of employees to 49 -- the threshold above which a number of employee committees must be set up, such as ones for safety, trade union interests, and others.

### **3.7 Franchising**

Although Belgium is a small country, it is an excellent test market for launching new products in Europe. Trends in franchising reflect cultural differences. Therefore, as elsewhere in Europe, the trend is now to appoint master franchisers on a regional basis. Belgian characteristics replicate European averages regarding private and public expenditure, GDP per capita, age distribution, and activity of its population. In addition, the market might be receptive to north American franchises.

## **4 Belgium's Stand in the Current International Trade Negotiations**

### **4.1 Belgium Supports Fair World Trade**

“Naturally, Belgium supports the general objective of the WTO, namely to envisage and create a multilateral system for world trade to make it a fair instrument of redistribution and human development. A world economy that combines opening up markets and healthy regulation will generate growth, create jobs and sustainable development, will reduce poverty and will ensure more equal distribution of wealth”.<sup>xv</sup>

### **4.2 Belgium Priorities**

“When drawing up the EU position for Cancún, Belgium promoted the following priorities: access to cheap medicines for developing countries, tangible measures to help integrate developing countries into the world trade system, improved market access for Belgian agricultural and industrial products and Belgian services, the launch of negotiations on issues such as simplifying trade and transparency of public procurement contracts, and practical measures to clarify the trade-environment balance. Belgium also considers the social dimension of the Doha negotiations extremely important”.<sup>xvi</sup>

#### **4.2.1 Access to Cheap Medicines**

Negotiations on access to medication were designed to try and extend or relax the system of *compulsory licensing* by simplifying it, a move that would neutralise the effects of exclusive rights such as monopoly of production linked to patents and awarded to holders. As

such, this would constitute an exception to international rules on intellectual property currently in force, that is to say the TRIPS agreements (agreements on the trade-related aspects of intellectual property rights).<sup>xvii</sup>

#### **4.2.2 Market Access for Non-Agricultural Products**

With regard to market access for non-agricultural products, the aim is to reduce or eliminate a whole range of tariffs that block trade (especially tariff peaks) and non-commercial trade barriers. Under the Doha Development Agenda, the export interests of developing countries should be given specific consideration. For a top exporting country such as Belgium, these negotiations on market access are extremely important. That is why Belgium supported the Commission's proposal to restrict import rights to a margin of between 0 and 15%, and additional reductions to help developing countries.<sup>xviii</sup>

#### **4.2.3 Agriculture**

Negotiations on agriculture focused mainly on the gradual reduction of agricultural aid and boosting market access for agricultural products. For developing countries, which are, in most cases heavily dependent on their agricultural production, this issue is crucial. In this area, Belgium has always called for a balanced agreement that meets the required objectives but which at the same time remains within the boundaries of the common agricultural policy (CAP). In June 2003, the CAP underwent major reform, precisely to facilitate WTO negotiations.<sup>xix</sup>

#### **4.2.4 The Singapore Issues**

The term *Singapore issues* refers to the debate on whether WTO rules should be drawn up on the following four issues: simplifying trade procedures, investments, transparency of public procurement contracts, and competition. The EU, Japan and Korea have shown a particular interest in these four issues. Following the arrangements made previously in Doha, negotiations on this topic should have got under way in Cancún, but in the light of strong opposition, from several – mainly developing – countries, no progress has been made.

#### **4.2.5 Reconciling Trade and Environment**

This was one of the EU's priority issues at Doha and should have been a subject for negotiations, in particular the relationship between WTO rules and multilateral environmental agreements (MEAs), and awarding observer status within existing MEA secretariats. In the discussion launched following the Doha conference, the EU formed a more or less isolated group with Norway, Switzerland, Korea, Japan and Canada. In fact, the vast majority of WTO member countries, especially developing countries, are somewhat hostile to this issue in which they see indications of a new form of (eco)protectionism.<sup>xx</sup>

#### **4.2.6 Integrating Development Cooperation**

Negotiations under the Doha Development Agenda offer the EU the possibility of strengthening the cohesion of its development cooperation policy by proposing solutions that take account of the specific needs of developing countries. Promoting a cohesive policy really means weighing up the pros and cons of differing – and sometimes diametrically opposed – values and interests. As the failure at Cancún demonstrates, this is not a simple process. Belgium worked alongside the European Commission to draw up positions that are coherent at all levels.<sup>xxi</sup>

#### **4.2.7 After Cancun**

Following the failure of the Cancún Ministerial Conference, the EU began looking into the reasons behind the failure and considering potential revision of the EU's objectives and strategy. This review period lasted until early December 2003. On 8 December, on the basis of a Commission Communication entitled *Reviving the DDA negotiations*, the Council reaffirmed its support for and priority view of the multilateral approach to trade policy, upheld the validity of the Doha Declaration and expressed its desire to see negotiations re-start as quickly as possible.<sup>xxii</sup>

### **5 Conclusion**

Belgium has important comparative advantages, such as its central geographic location in Europe, highly developed infrastructure, highly educated force work, high expenses in R&D per capita. These advantages can be exploited by multinational companies.

We think for example in biotechnology firms, as we worked in a project about mines detection using advanced biology techniques, in which Canadian firms could propose a joint venture to Belgian companies specialized in biotechnologies (Introduction to International Business course).<sup>xxiii</sup>

Another advantage for Belgium is to host Economic European Institutions and more than one hundred international organizations. Besides, Belgium's positions in international trade negotiations are taken through EU institutions. These conditions should be taken into account when Canadian companies try to make business in this country.

Though Belgium is comparatively a small market, it could be a strategic place as the country of entry for European markets. As financial markets are very accessible from Brussels, it should be convenient to settle up subsidiaries in Belgium. It seems that next economic cycle will be favourable to European economies and strength of Canadian devise should allow buying European stocks at relatively low prices. Mergers and acquisitions with Belgian firms should be recommendable for Canadian corporations as a way to get into European economies.

Canada and Belgium are countries depending strongly on their respective big neighbours for external trade. The % share of Canadian exports to US is 85% and Belgian exports to EU are 75% of its total exports. As Canada exports mostly commodities, we should look for commodities markets in European countries, where Belgium should be the entry country for that huge integrated market. So our strategy markets have European scope instead of just a local or national one. On the other hand, as currently Canada holds a surplus trade with Belgium, we have still some room to import some specialized items from Belgium. Specific actions to find out what products or services should be more promising are, among others, the following:

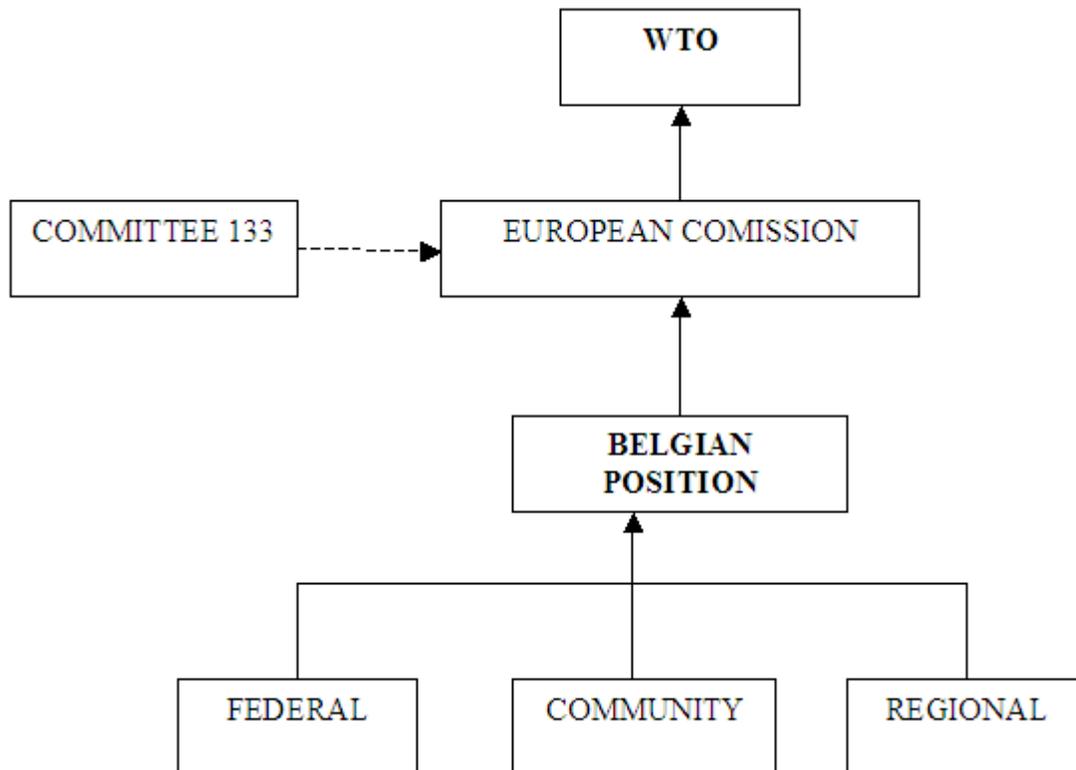
- Carry on specialized market studies about some sectors which have been seen as relative trade potential sectors from Belgium commercial authorities, regarding north American imports: chemical and chemical products, special manufacturing, motor vehicles and other transport equipment, coke, petroleum products and nuclear fuel, machinery and equipment, electrical and electronic

equipment, textiles, clothing and leather, precision instruments, and non-metallic mineral products (**see Annexe 6.8**).

- Tourism flow from Belgium to Quebec should be a sector with promising outlook, given language affinity, at least for Wallons. Cultural associations, universities links and the Canada-Belgium Chamber of Commerce can be useful to get this objective.
- Canadian companies interested in getting into European markets should assist to some of the trade events scheduled for 2006 in Belgium (**see our annexe 6.9**)

## 6 Annexes

### 6.1 Belgium's Positions within the Framework of the European Union



## 6.2 Complaints

[http://www.wto.org/english/tratop\\_e/dispu\\_e/dispu\\_by\\_country\\_e.htm#belgium](http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm#belgium)

### 6.2.1 Complaint by the United States

On 5 May 1998, the US requested consultations with Belgium in respect of prohibited subsidies provided by Belgium. The US alleged that, based on unofficial English translations of relevant legislation and descriptions in secondary sources, it is its understanding that under Belgium income tax law, Belgian corporate taxpayers receive a special BEF 400,000 (index linked) tax exemption for recruiting a departmental head for exports (known as an “export manager”). The US contended that this measure constitutes an export subsidy and as such violates Article 3 of the SCM Agreement.

### 6.2.2 Another Complaint by the United States

On 2 May 1997, the US requested consultations with Belgium in respect of certain measures of the Kingdom of Belgium governing the provision of commercial telephone directory services. These measures include the imposition of conditions for obtaining a license to publish commercial directories, and the regulation of the acts, policies, and practices of BELGACOM N.V. with respect to telephone directory services. The US alleged violations of Articles II, VI, VIII and XVII of GATS, as well as nullification and impairment of benefits accruing to it under the specific GATS commitments made by the EC on behalf of Belgium.

### 6.2.3 Request by The United States

On 12 October 2000, the US requested consultations with the EC concerning the administration by Belgium of laws and regulations establishing the customs duties applicable to rice imported from the United States. The United States considered that:

- Belgium has failed to administer the pertinent laws and regulations in a manner that is consistent with its WTO obligations, leading to the assessment of duties on rice imported from the United States in excess of the bound rate of duty, in contravention of Article II of the GATT 1994;
- Belgium’s use of reference prices in the calculation of the applicable import duties would appear to be inconsistent with Article VII of the GATT 1994 and the Customs Valuation Agreement;
- Belgium’s refusal to recognize widely accepted industry standards associated with the grading of rice appears to be inconsistent with Articles 2, 3, 5, 6, 7, and 9 of the Agreement on Technical Barriers to Trade.
- Belgium has failed to administer its customs valuation determinations and its assessment of tariffs in a transparent manner, thereby impeding trade, and appears to have applied the measures in a manner that discriminates against rice imported from the United States.
- According to the United States, the measures have restricted imports of rice into Belgium. Thus, the Belgian measures also appear to be inconsistent with Articles I, X and XI of the GATT 1994 and Article 4 of the Agreement on Agriculture.
- According to the United States, Belgium’s measures appear to be inconsistent with the following specific provisions of the identified agreements: Articles I, II, VII, VIII, X and XI of the GATT 1994; Articles 1-6, 7, 10, 14, 16 and Annex I of the Customs Valuation Agreement; Articles 2, 3, 5, 6, 7 and 9 of the Agreement on Technical Barriers to Trade; Article 4 of the Agreement on Agriculture. Belgium’s measures also appear to nullify or impair the benefits accruing to the United States directly or indirectly under the cited agreements.

On 19 January 2001, the US requested the establishment of a panel. At its meeting on 1 February 2001, the DSB deferred the establishment of a panel. Further to a second request to establish a panel by the US, the DSB established a panel at its meeting of 12 March 2001. India and Japan reserved their third-party rights. On 29 May 2001, the US requested the Director-General to determine the composition of the Panel. On 7 June 2001, the Panel was composed.

On 26 July 2001, the US requested the Panel, pursuant to Article 12.12 of the DSU, to suspend its work until 30 September 2001 in light of on-going consultations between the US and the EC. On 27 September, the US requested a further suspension of the Panel from 1 to 9 October 2001. On 9 October, the US requested to further suspend the work of the Panel until 1 November 2001. On 1 November, the US requested to further suspend the work of the Panel until 16 November 2001. On 19 November 2001, the US requested the Panel to suspend its work until 30 November 2001.

On 18 December 2001, the US and the EC informed the DSB that they had reached a mutually agreed solution pursuant to Article 3.6 of the DSU.

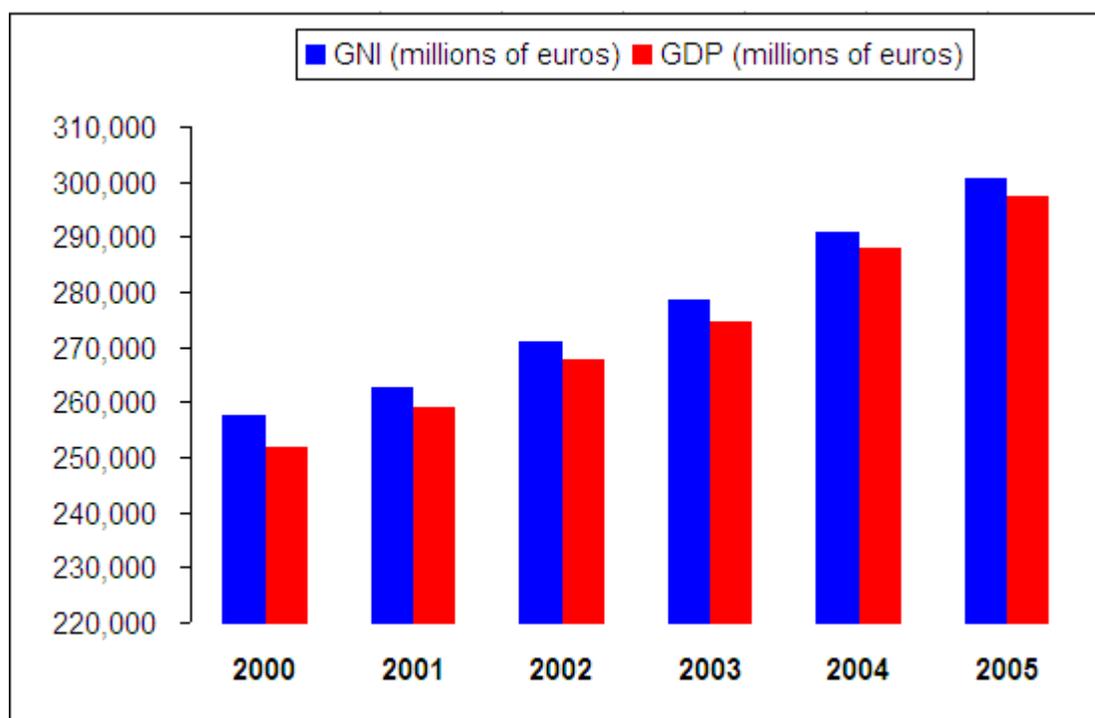
Case DS210 : "Belgium — Administration of measures establishing customs duties for rice."

The United States requested for the second time the establishment of a panel to look at Belgium's customs duties practices on imports of rice. The EC argued that because the US had altered its request, this request should be considered as its first one. Nonetheless, the EC still accepted going ahead with a panel. The DSB agreed to establish a panel. India reserved third-party rights.

[http://www.wto.org/english/news\\_e/news01\\_e/dsb\\_12march01\\_e.htm](http://www.wto.org/english/news_e/news01_e/dsb_12march01_e.htm)

### 6.3 Gross National Product and Gross Domestic Product (2000-2005)

	2000	2001	2002	2003	2004	2005
GNI (millions of euros)	257,435	262,806	270,962	278,374	290,703	300,493
GDP (millions of euros)	251,741	258,884	267,578	274,582	288,089	297,301
GNI per capita (euros)	25,084	25,490	26,167	26,777	27,829	28,810
GDP per capita (euros)	24,529	25,110	25,840	26,412	27,579	28,504
Population (1'000s - end of year)	10,263	10,310	10,355	10,396	10,446	10,430

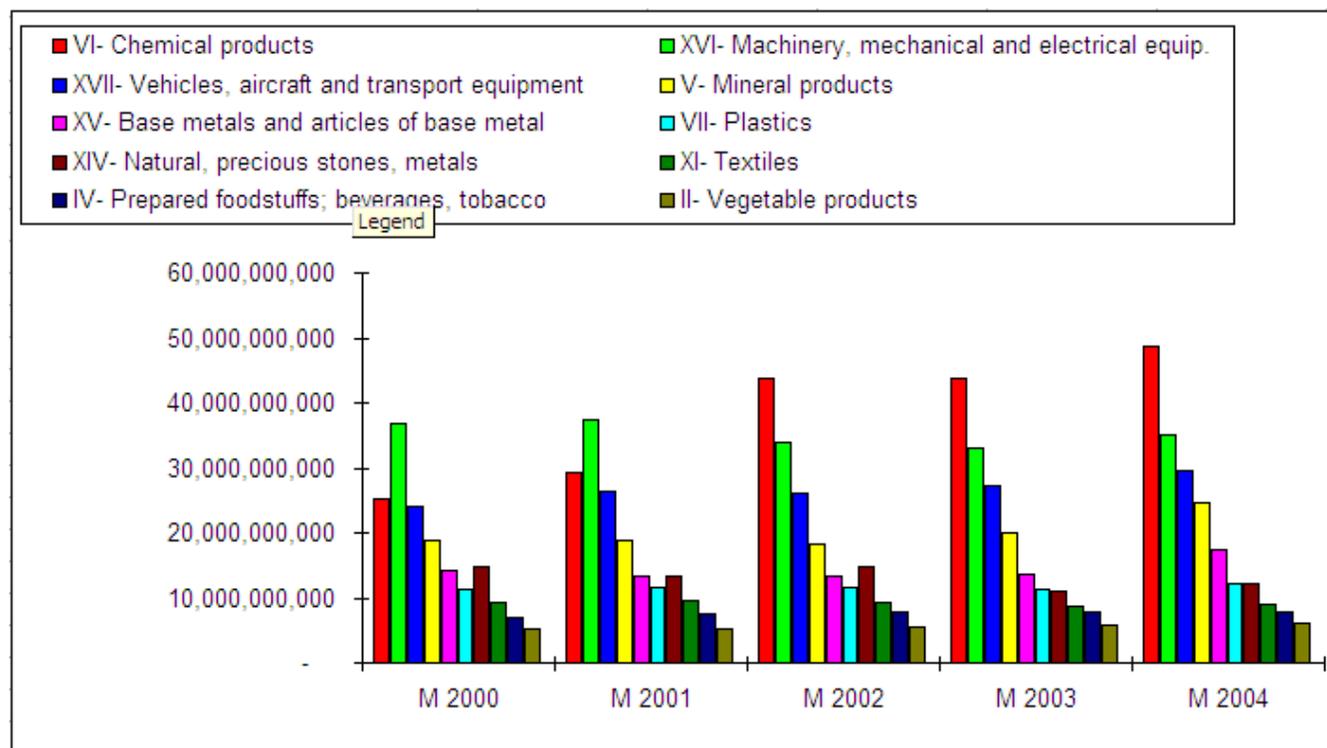


## 6.4 Imports

### 6.4.1 Imports by Sector (Top 10, 2000-2004)

(euros)

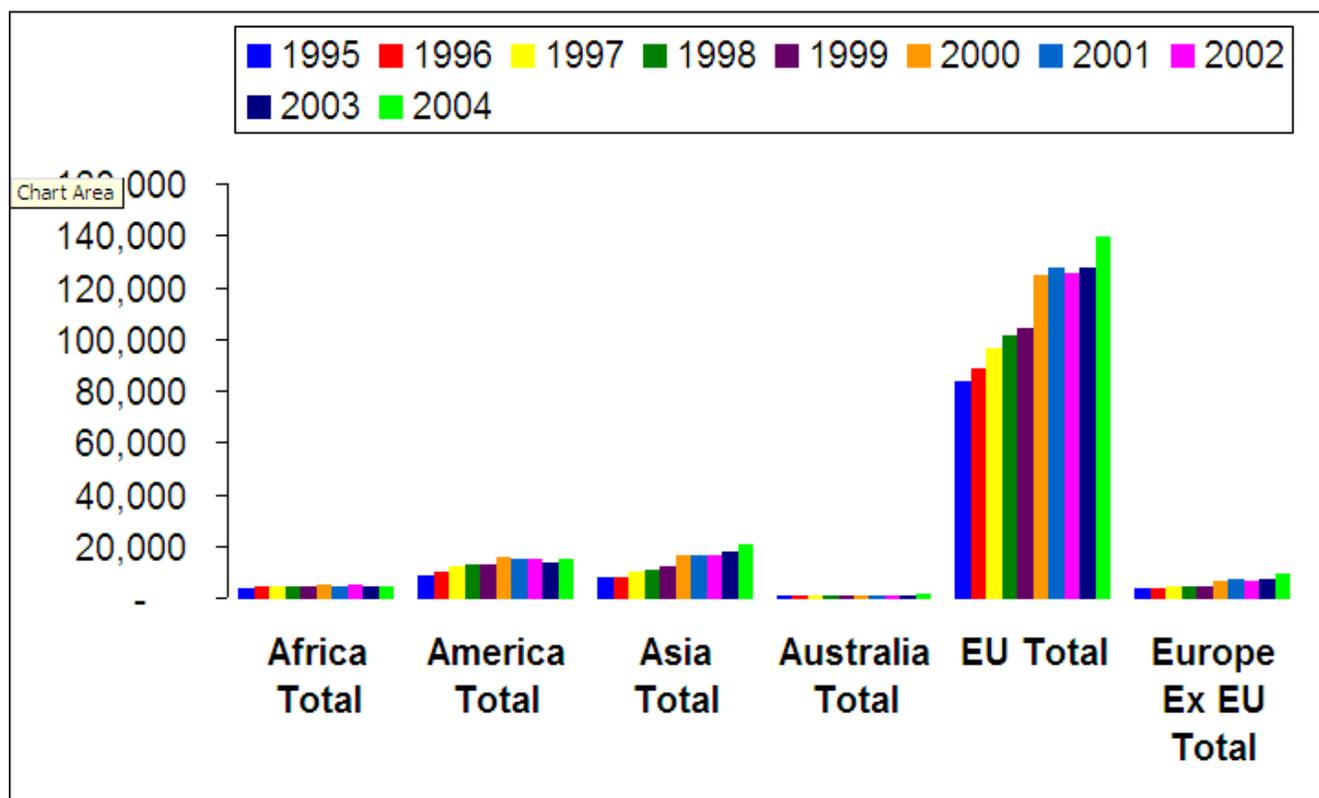
Flow	M 2000	M 2001	M 2002	M 2003	M 2004
VI- Chemical products	25,143,673,737	29,364,315,802	43,665,416,632	43,646,406,478	48,641,106,822
XVI- Machinery, mechanical and electrical equip	36,748,122,055	37,462,034,692	33,942,708,163	32,911,458,726	35,007,959,466
XVII- Vehicles, aircraft and transport equipme	24,068,147,393	26,245,452,710	26,062,397,279	27,209,466,653	29,694,370,309
V- Mineral products	18,760,390,250	18,792,276,617	18,236,249,160	19,875,798,532	24,494,458,902
XV- Base metals and articles of base metal	14,223,456,477	13,447,164,065	13,248,886,166	13,742,811,349	17,275,957,569
VII- Plastics	11,203,772,142	11,450,526,207	11,468,821,066	11,217,353,792	12,178,138,396
XIV- Natural, precious stones, metals	14,651,444,540	13,469,959,172	14,865,933,509	10,968,295,080	12,108,826,363
XI- Textiles	9,265,147,719	9,436,121,965	9,212,479,499	8,786,058,831	9,015,323,714
IV- Prepared foodstuffs; beverages, tobacco	6,905,391,516	7,555,541,935	7,938,989,381	7,827,756,678	7,950,513,590
II- Vegetable products	5,096,048,244	5,228,702,342	5,576,578,231	5,810,372,800	6,050,782,268



## 6.4.2 Imports by Region (1995-2004)

(millions of euros)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Africa Total</b>	3,879	4,146	4,390	3,927	4,203	5,167	4,359	4,666	4,204	4,345
<b>America Total</b>	8,473	9,760	12,008	12,543	12,579	15,298	15,012	14,547	13,617	14,567
<b>Asia Total</b>	7,729	8,098	9,747	10,571	11,942	16,143	16,128	16,619	17,587	20,456
<b>Australia Total</b>	374	492	688	803	852	827	776	766	665	1,117
<b>EU Total</b>	83,886	88,460	95,947	100,970	104,305	124,273	127,733	125,541	127,697	139,229
<b>Europe Ex EU Total</b>	3,755	3,659	4,305	3,991	4,138	6,427	6,935	6,243	7,193	9,141
<b>Other Total</b>	221	43	51	45	22	15	12	12	12	20



### 6.4.3 Imports by Country (1995-2004)

(millions of euros)

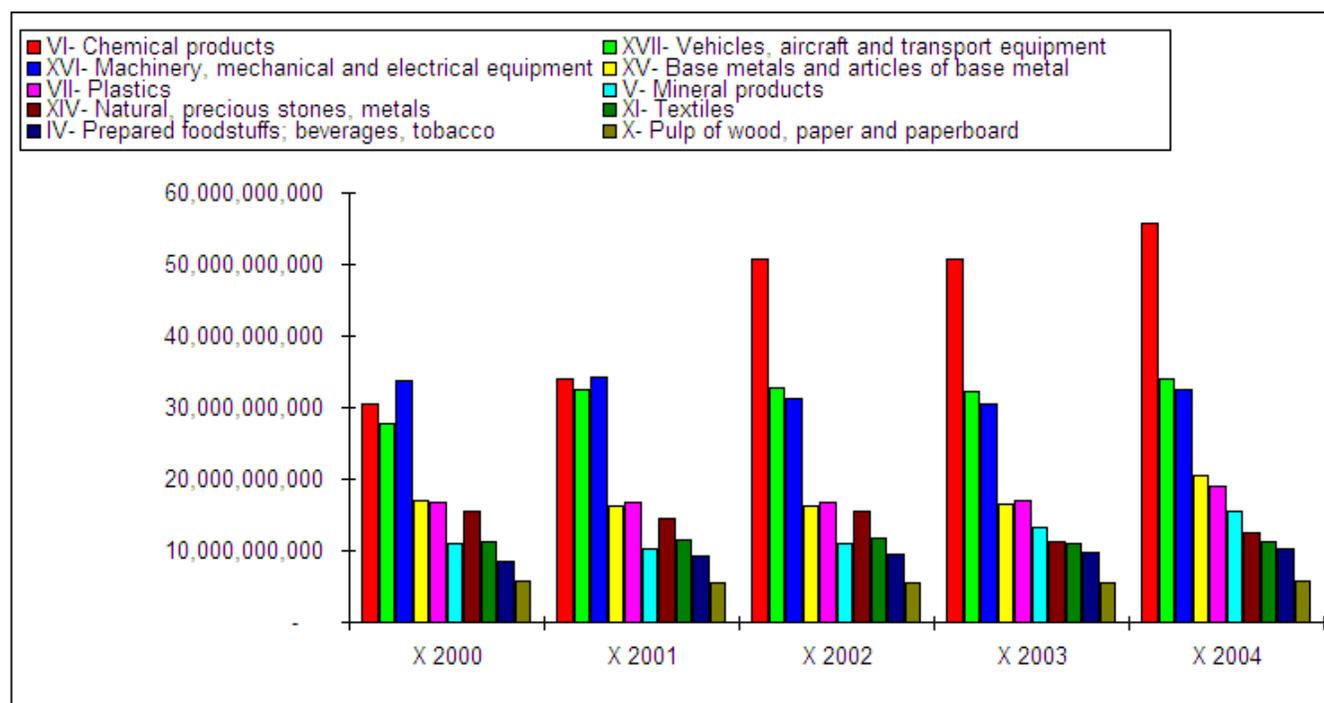
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1 Netherlands	20,013	22,357	24,616	23,773	25,043	32,857	33,275	32,391	33,096	37,381
2 Germany	22,144	21,379	22,103	23,957	23,990	28,104	28,070	28,173	28,340	31,154
3 France	16,622	17,459	18,202	19,230	20,107	22,725	24,563	24,453	24,890	25,955
4 United Kingdom	9,463	10,215	11,895	11,581	12,390	15,474	14,286	14,562	14,884	14,973
5 United States of America	6,119	7,277	9,261	9,843	9,655	11,643	11,042	10,927	9,983	10,793
6 Italy	4,542	4,842	5,195	5,611	5,666	6,770	6,680	5,944	5,946	6,331
7 Japan	2,783	2,885	3,005	3,305	3,807	4,382	4,286	4,634	5,229	5,691
8 Sweden	3,038	3,250	3,545	3,933	3,758	4,361	4,474	4,315	4,250	4,671
9 China	933	1,051	1,460	1,475	1,882	2,573	2,732	2,952	3,404	4,304
10 Spain	1,910	2,185	2,397	2,697	3,042	3,371	3,704	3,620	3,848	4,146
11 Ireland	1,313	1,773	2,322	3,721	3,144	1,383	1,921	1,891	2,275	3,217
12 Russia	1,034	1,002	1,236	881	903	1,460	1,741	1,711	2,094	2,912
13 Norway	822	912	1,001	942	918	1,928	2,138	1,611	1,886	2,108
14 India	808	896	1,010	1,190	1,154	1,483	1,457	1,574	1,534	1,867
15 Israel	526	589	773	746	967	1,495	1,249	1,377	1,554	1,822
16 Poland	400	362	443	590	635	988	1,100	1,196	1,269	1,748
17 Switzerland	1,303	1,178	1,313	1,220	1,221	1,429	1,510	1,376	1,473	1,662
18 Luxembourg	718	723	751	780	801	941	1,098	1,250	1,305	1,629
19 Portugal	532	629	734	821	1,062	1,512	1,932	1,648	1,411	1,367
20 Finland	950	791	873	1,012	1,062	1,265	1,273	1,237	1,370	1,338
21 Algeria	348	363	538	439	414	798	494	718	1,295	1,321
22 Austria	599	688	797	875	853	1,018	1,054	1,004	1,102	1,229
23 Turkey	251	270	358	464	495	595	690	690	793	1,225
24 Czech Republic	205	269	357	432	426	619	826	737	816	1,199
25 United Arab Emirates	50	48	49	75	83	322	379	358	774	1,198
26 Brazil	556	568	723	791	741	992	1,062	1,180	1,246	1,146
27 Other African countries	1,024	1,042	1,203	1,164	1,093	1,191	1,032	1,061	867	1,100
28 Denmark	728	720	781	835	803	858	867	902	957	995
29 South Korea	247	271	364	450	517	751	651	645	756	967
30 South Africa	520	544	611	617	687	1,010	801	807	767	967
31 Hungary	278	310	376	596	899	1,183	1,633	1,368	1,055	848
32 Other American countries	384	553	512	453	390	410	437	474	644	766
33 Canada	687	612	707	673	930	1,152	1,222	841	802	765

## 6.5 Exports

### 6.5.1 Exports by Sector (Top 10, 2000-2004)

(euros)

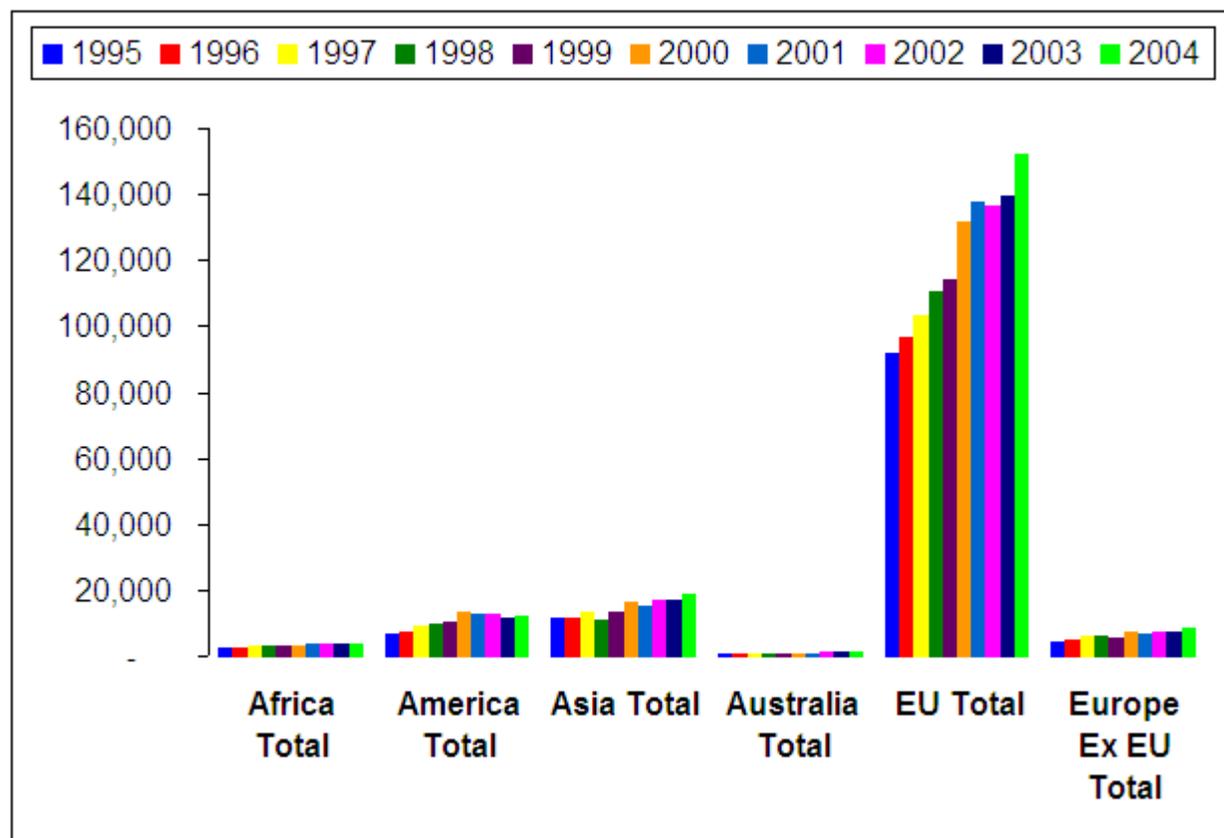
Flow	X 2000	X 2001	X 2002	X 2003	X 2004
VI- Chemical products	30,483,025,325	33,885,166,872	50,684,099,751	50,630,467,907	55,787,668,331
XVII- Vehicles, aircraft and transport equipment	27,722,927,276	32,442,643,743	32,720,195,198	32,333,505,604	34,016,425,819
XVI- Machinery, mechanical and electrical equipment	33,846,078,090	34,251,824,203	31,245,539,137	30,484,184,445	32,498,060,255
XV- Base metals and articles of base metal	17,045,746,641	16,242,481,215	16,224,413,058	16,472,351,278	20,399,933,680
VII- Plastics	16,642,843,507	16,691,193,523	16,656,695,891	16,992,576,053	18,945,796,065
V- Mineral products	10,888,748,629	10,325,896,364	11,044,269,929	13,274,667,402	15,619,042,708
XIV- Natural, precious stones, metals	15,556,631,923	14,441,622,125	15,515,889,951	11,351,109,567	12,606,714,883
XI- Textiles	11,231,862,591	11,505,305,538	11,834,515,008	10,991,244,321	11,127,823,178
IV- Prepared foodstuffs; beverages, tobacco	8,539,310,863	9,213,542,599	9,597,633,869	9,781,847,238	10,186,677,259
X- Pulp of wood, paper and paperboard	5,704,960,934	5,504,636,874	5,429,577,579	5,432,711,106	5,647,869,756



## 6.5.2 Exports by Region (1995-2004)

(millions of euros)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Africa Total	2,513	2,505	2,871	2,953	2,821	3,313	3,381	3,447	3,353	3,745
America Total	6,430	7,004	9,175	9,881	10,382	13,179	12,496	12,559	11,278	11,804
Asia Total	11,292	11,282	13,256	11,111	13,427	16,571	15,230	17,177	16,941	18,611
Australia Total	537	548	669	649	673	859	896	999	1,023	919
EU Total	91,712	96,349	103,312	110,551	113,837	131,704	137,368	136,362	139,543	152,152
Europe Ex EU Total	4,465	5,010	6,192	6,004	5,365	7,066	6,819	6,946	7,378	8,510
Other Total	445	549	568	722	581	1,142	1,328	1,299	1,434	1,333



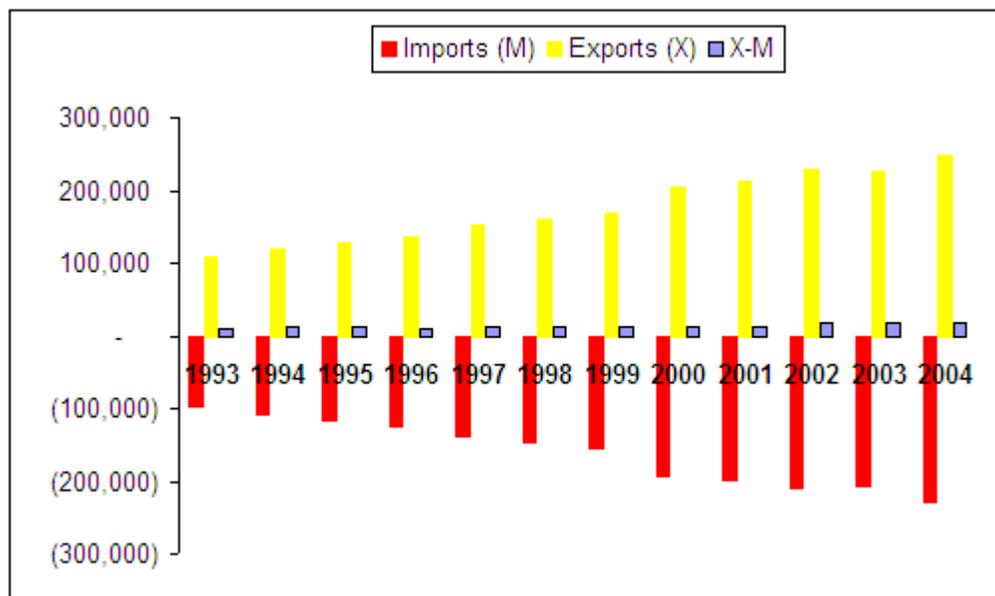
### 6.5.3 Exports by Country (1995-2004)

(millions of euros)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1 Germany	24,452	24,689	25,113	26,414	25,928	29,489	31,618	29,618	31,354	34,205
2 France	21,207	22,072	23,219	24,862	25,724	29,579	30,322	29,973	31,197	33,997
3 Netherlands	15,681	16,905	17,720	18,478	19,031	22,543	22,607	22,873	23,232	25,550
4 United Kingdom	9,435	10,211	12,163	12,572	12,947	15,494	16,205	17,232	16,232	17,125
5 Italy	6,391	6,598	7,236	8,030	8,202	9,441	10,157	10,286	10,079	10,845
6 United States of America	4,341	5,095	6,772	7,387	8,041	10,124	9,391	9,349	8,549	8,751
7 Spain	3,386	3,695	4,214	5,030	5,923	6,322	7,043	6,939	7,455	8,018
8 Luxembourg	2,742	2,910	2,908	2,933	3,216	3,939	3,999	3,924	3,980	4,555
9 India	1,912	1,888	2,499	2,372	3,049	3,424	2,963	4,015	3,805	4,225
10 Sweden	1,675	1,757	2,020	2,289	2,347	2,805	2,561	2,658	2,732	2,950
11 Israel	1,813	1,934	2,374	1,898	2,518	3,008	2,271	2,330	2,264	2,819
12 Switzerland	2,036	1,984	2,299	2,308	2,240	2,758	2,749	2,426	2,422	2,415
13 Poland	689	863	1,167	1,324	1,375	1,552	1,688	1,807	1,860	2,285
14 Austria	1,161	1,246	1,355	1,495	1,537	1,662	1,833	1,856	1,957	2,259
15 Turkey	726	936	1,185	1,179	1,103	1,771	1,068	1,394	1,689	2,169
16 China	696	594	710	687	810	1,219	1,553	1,835	2,140	2,135
17 Denmark	1,127	1,129	1,237	1,305	1,352	1,472	1,509	1,472	1,561	1,741
18 Japan	1,655	1,751	1,695	1,430	1,875	1,947	1,590	1,555	1,590	1,713
19 Other African countries	1,247	1,231	1,398	1,426	1,369	1,500	1,499	1,609	1,568	1,704
20 Hong Kong	834	890	1,125	807	1,002	1,464	1,240	1,422	1,457	1,549
21 Russia	739	979	1,342	1,015	556	894	1,132	1,172	1,217	1,515
22 Ireland	452	494	577	710	914	1,176	1,350	1,260	1,078	1,359
23 Greece	662	766	816	907	1,031	1,198	1,245	1,201	1,207	1,343
24 Other	90	101	100	281	581	1,142	1,328	1,299	1,434	1,333
25 Portugal	887	966	1,033	1,277	1,308	1,469	1,388	1,281	1,206	1,267
26 Czech Republic	406	514	548	555	594	823	1,013	1,087	1,183	1,255
27 Finland	608	711	796	817	846	967	995	986	1,024	1,195
28 Other Asian countries	413	474	579	578	556	676	793	891	889	983
29 Hungary	316	358	584	891	886	947	892	875	1,083	935
30 United Arab Emirates	195	180	263	314	398	559	686	801	724	864
31 Norway	505	508	588	670	689	661	634	697	687	853
32 Brazil	726	532	680	669	546	768	749	680	659	848
33 Canada	381	396	502	582	688	703	690	935	803	844

## 6.6 Trade Balance (Eur, 1993-2004)

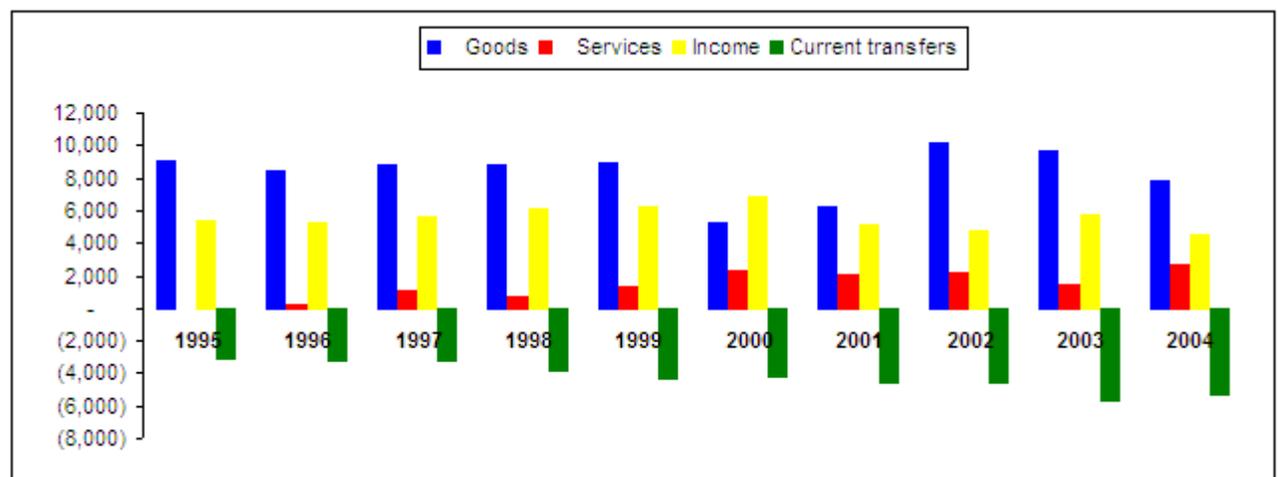
	X-M	Imports (M)	Exports (X)
1993	9,805	(98,006)	107,811
1994	11,230	(107,578)	118,809
1995	11,795	(116,559)	128,354
1996	9,034	(125,577)	134,611
1997	12,982	(139,295)	152,277
1998	12,975	(147,941)	160,916
1999	13,456	(154,635)	168,091
2000	11,758	(192,195)	203,953
2001	13,047	(199,492)	212,539
2002	18,846	(209,722)	228,567
2003	18,274	(207,696)	225,970
2004	17,080	(229,618)	246,698



## 6.7 Current Account Balance (Eur, 1995-2004)

(millions of euros)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Goods and services</b>	8,939	8,596	9,933	9,565	10,198	7,523	8,224	12,301	11,141	10,499
<b>Goods</b>	8,997	8,410	8,795	8,843	8,896	5,273	6,222	10,165	9,675	7,853
General merchandise	6,671	5,937	6,171	6,302	6,685	3,123	3,873	8,349	7,688	5,907
Goods for processing	1,984	2,181	2,212	2,151	1,640	1,449	1,549	1,143	1,331	1,108
Repairs on goods	2	(53)	(89)	(106)	(27)	(8)	47	50	51	55
Goods procured in ports by	175	159	323	244	262	357	468	650	716	896
Nonmonetary gold	165	186	178	252	336	352	285	(27)	(111)	(113)
<b>Services</b>	(58)	186	1,138	722	1,302	2,250	2,002	2,136	1,466	2,646
Transportation	1,505	1,508	1,701	1,902	2,121	2,139	1,710	991	777	1,544
Travel	(2,727)	(2,951)	(2,968)	(3,289)	(3,099)	(3,072)	(3,227)	(3,423)	(3,568)	(3,862)
Communications services	240	343	350	394	477	455	352	444	361	485
Construction services	(19)	66	99	114	386	448	423	624	846	611
Insurance services	(32)	(24)	(52)	(133)	(78)	(69)	(91)	53	91	191
Financial services	(21)	6	55	(61)	(317)	(346)	(180)	(93)	(132)	(176)
Information services	367	443	387	373	469	610	663	407	450	354
Royalties and license fees	(413)	(401)	(356)	(411)	(339)	(164)	(345)	(92)	(84)	(19)
Othes business services	492	756	1,139	1,137	1,129	1,668	2,004	2,311	2,213	2,566
of which: Merchanting	(147)	(8)	354	427	652	585	473	1,507	1,420	1,234
Personal, cultural and recre	(142)	(107)	(71)	(91)	(91)	(97)	(82)	(101)	(66)	(26)
Government services n.i.e.	692	547	854	787	644	678	775	1,015	578	978
<b>Income</b>	5,351	5,202	5,582	6,171	6,237	6,834	5,161	4,740	5,763	4,476
Compensation of employees	2,648	2,524	2,666	2,680	2,960	3,046	3,087	3,309	3,420	3,608
Investment income	2,703	2,678	2,916	3,491	3,277	3,788	2,074	1,431	2,343	868
<b>Current transfers</b>	(3,053)	(3,182)	(3,255)	(3,825)	(4,306)	(4,192)	(4,569)	(4,622)	(5,675)	(5,346)
General government	(2,358)	(2,390)	(2,614)	(2,947)	(3,151)	(3,274)	(3,553)	(3,746)	(4,202)	(4,025)
Other sectors	(695)	(792)	(641)	(878)	(1,155)	(918)	(1,016)	(876)	(1,473)	(1,321)
<b>Total of the current account</b>	11,237	10,616	12,260	11,911	12,129	10,165	8,816	12,419	11,229	9,629



## 6.8 Balance of Payment, Belgium with all Countries (Eur, 1995-2004)

(millions of euros)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Current account</b>	11,237	10,616	12,260	11,911	12,129	10,165	8,816	12,419	11,229	9,629
<b>Goods and services</b>	8,939	8,596	9,933	9,565	10,198	7,523	8,224	12,301	11,141	10,499
<b>Goods</b>	8,997	8,410	8,795	8,843	8,896	5,273	6,222	10,165	9,675	7,853
<b>Services</b>	(58)	186	1,138	722	1,302	2,250	2,002	2,136	1,466	2,646
<b>Income</b>	5,351	5,202	5,582	6,171	6,237	6,834	5,161	4,740	5,763	4,476
<b>Compensation of employees</b>	2,648	2,524	2,666	2,680	2,960	3,046	3,087	3,309	3,420	3,608
<b>Investment income</b>	2,703	2,678	2,916	3,491	3,277	3,788	2,074	1,431	2,343	868
<b>Current transfers</b>	(3,053)	(3,182)	(3,255)	(3,825)	(4,306)	(4,192)	(4,569)	(4,622)	(5,675)	(5,346)
<b>Capital and financial account</b>								(13,018)	(10,991)	(8,950)
<b>Capital account</b>								(634)	(883)	(345)
<b>Financial account</b>								(12,384)	(10,108)	(8,605)
<b>Direct investment</b>								4,222	(4,895)	8,982
<b>Portfolio investment</b>								15,415	742	(24,314)
<b>Financial derivatives</b>								(2,135)	(3,187)	(6,540)
<b>Other investment</b>								(29,963)	(4,331)	12,600
<b>Reserve assets of the NBB</b>								77	1,563	667
<b>Errors and omissions</b>								599	(238)	(679)

## 6.9 Exports and Export Potential of Belgium to the US and Canada (millions of USD)

Exporter	Rank Importer	Rank	Sector	Current Exports 2002-2003	share in BEL 's exports of sector, in %	Relative Trade Potential
Belgium	5 United States		<b>TOTAL</b>	<b>14,155,780</b>	<b>7.1%</b>	<b>3. Predicted = Current or low values</b>
Belgium	5 United States	1	Chemicals and chemical products	6,641,119	12.8%	2. Strong current trade (above predicted)
Belgium	5 United States	2	Other manufacturing	2,240,400	27.6%	1. Very strong current trade (above predicted)
Belgium	5 United States	3	Motor vehicles and other transport equipment	1,532,827	5.8%	5. High untapped trade potential
Belgium	5 United States	4	Coke, petroleum products and nuclear fuel	790,288	12.2%	1. Very strong current trade (above predicted)
Belgium	5 United States	5	Machinery and equipment	748,459	6.0%	4. Untapped trade potential
Belgium	5 United States	6	Electrical and electronic equipment	629,155	4.7%	5. High untapped trade potential
Belgium	5 United States	7	Metal and metal products	448,386	3.0%	4. Untapped trade potential
Belgium	5 United States	8	Textiles, clothing and leather	245,244	2.1%	5. High untapped trade potential
Belgium	5 United States	9	Food, beverages and tobacco	197,610	1.3%	4. Untapped trade potential
Belgium	5 United States	10	Mining and quarrying	163,500	2.1%	3. Predicted = Current or low values
Belgium	5 United States	11	Wood and wood products	153,334	2.8%	3. Predicted = Current or low values
Belgium	5 United States	12	Rubber and plastic products	133,110	2.2%	4. Untapped trade potential
Belgium	5 United States	13	Precision instruments	104,655	3.5%	4. Untapped trade potential
Belgium	5 United States	14	Non-metallic mineral products	53,635	1.6%	4. Untapped trade potential
Belgium	5 United States	15	Publishing, printing and reproduction of recorded media	40,321	3.2%	3. Predicted = Current or low values
Belgium	22 Canada		<b>TOTAL</b>	<b>1,230,555</b>	<b>0.6%</b>	<b>2. Strong current trade (above predicted)</b>
Belgium	22 Canada	1	Chemicals and chemical products	621,105	1.2%	2. Strong current trade (above predicted)
Belgium	22 Canada	2	Motor vehicles and other transport equipment	123,898	0.4%	4. Untapped trade potential
Belgium	22 Canada	3	Machinery and equipment	106,913	0.9%	3. Predicted = Current or low values
Belgium	22 Canada	4	Food, beverages and tobacco	74,120	0.5%	3. Predicted = Current or low values
Belgium	22 Canada	5	Metal and metal products	68,770	0.5%	3. Predicted = Current or low values
Belgium	22 Canada	6	Other manufacturing	59,175	0.7%	3. Predicted = Current or low values
Belgium	22 Canada	7	Wood and wood products	33,813	0.6%	3. Predicted = Current or low values
Belgium	22 Canada	8	Electrical and electronic equipment	27,270	0.2%	3. Predicted = Current or low values
Belgium	22 Canada	9	Mining and quarrying	25,812	0.3%	3. Predicted = Current or low values
Belgium	22 Canada	10	Textiles, clothing and leather	24,905	0.2%	3. Predicted = Current or low values
Belgium	22 Canada	11	Rubber and plastic products	15,416	0.3%	3. Predicted = Current or low values
Belgium	22 Canada	12	Coke, petroleum products and nuclear fuel	14,017	0.2%	3. Predicted = Current or low values
Belgium	22 Canada	13	Agriculture and hunting	7,931	0.2%	3. Predicted = Current or low values
Belgium	22 Canada	14	Precision instruments	7,353	0.2%	3. Predicted = Current or low values
Belgium	22 Canada	15	Non-metallic mineral products	7,278	0.2%	3. Predicted = Current or low values

Sources: ITC's TradeSim model <sup>xxiv</sup>

## 6.10 Trade Events <sup>xxv</sup>

Upcoming trade events in Belgium:

Date	Event	Location	Web Site
February , 2006	Integrated Systems Europe 2006 -- multiple industry sectors	Heysel, Brussels, Belgium	infocomm.org
March , 2006	Visit USA Workshop -- Travel/Tourism Services	Brussels, Belgium	
May , 2006	Gateway to Europe -- multiple industry sectors	Brussels, Belgium	
September , 2006	DecoContract -- multiple industry sectors	Brussels, Belgium	www.decocontract.com www.otexa.ita.doc.gov
September , 2006	Decosit -- multiple industry sectors	Brussels, Belgium	otexa.ita.doc.gov www.decosit.com

Upcoming trade events in Canada:

Date	Event	Location	Web Site
March , 2006	Globe 2006 -- Pollution Control Eq.	Vancouver, Canada	www.globe2006.com
March , 2006	GLOBE 2006 -- multiple industry sectors	Vancouver, Canada	www.globe2006.com
May , 2006	Trade Americas Security Exhibition -- Security/Safety Eq	Ottawa, Ontario, Canada	
June , 2006	Global Petroleum Show -- multiple industry sectors	Calgary, Canada	
September , 2006	Equipair 2006 -- multiple industry sectors	Calgary, Canada	

## 7 Bibliography

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<sup>i</sup> <http://www.cia.gov/cia/publications/factbook/geos/be.html>

<sup>ii</sup> <http://www.cia.gov/cia/publications/factbook/geos/be.html>

<sup>iii</sup> [www.answers.com/topic/economy-of-belgium](http://www.answers.com/topic/economy-of-belgium)

<sup>iv</sup> <http://www.cia.gov/cia/publications/factbook/geos/be.html>

<sup>v</sup> “Carrefour de l’économie”, monthly publication of Service public federal, Ministère de l’Economie, Classes Moyennes, P.M.E. of Belgium, [www.mineco.fgov.be](http://www.mineco.fgov.be)

<sup>vi</sup> Economist.com, Country Briefings, Leading Markets Table

<http://www.economist.com/countries/Belgium/profile.cfm?folder=Profile-FactSheet>

<sup>vii</sup> Economist.Com, Country Briefings, Major Exports Table

<http://www.economist.com/countries/Belgium/profile.cfm?folder=Profile-FactSheet>

<sup>viii</sup> [www.nbb.be](http://www.nbb.be), National Bank of Belgium; Economic Indicators of Belgium; 03-02-2006. General Statistics Department.

<sup>ix</sup> Government Of Canada, Countries in Europa: Canada-Belgium Relations

[http://www.dfait-maeci.gc.ca/canada-europa/mundi/country\\_bel\\_c-en.asp](http://www.dfait-maeci.gc.ca/canada-europa/mundi/country_bel_c-en.asp)

<sup>x</sup> 2004 Index Of Economic Freedom (Belgium scores 1 on Capital and Foreign investment)

<http://cf.heritage.org/index2004test/country2.cfm?id=Belgium>

<sup>xi</sup> Chapter 9, “Belgium and Multilateral trade”, [www.diplomatie.be](http://www.diplomatie.be)

<sup>xii</sup> Idem.

<sup>xiii</sup> For an explanation of the EU and its governing European Directives (laws) please see the U. S. Mission to the European Union CCG at [www.buyusa.gov/europeanunion](http://www.buyusa.gov/europeanunion).

<sup>xiv</sup> For additional information on trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, [www.ustr.gov](http://www.ustr.gov).

<sup>xv</sup> Chapter 9, “Belgium and Multilateral Trade”, [www.diplomatie.be](http://www.diplomatie.be)

<sup>xvi</sup> idem

<sup>xvii</sup> idem

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<sup>xviii</sup> idem

<sup>xix</sup> idem

<sup>xx</sup> idem

<sup>xxi</sup> idem

<sup>xxii</sup> idem

<sup>xxiii</sup> “Demining Services International, |DSI”, Davis, Stefanova, Karim, Rodríguez, March, 2005.

<sup>xxiv</sup> Sources: ITC's TradeSim model, version 3, <http://www.intracen.org/menus/countries.htm>, visited on the 28 of February 2006.

<sup>xxv</sup> Trade Events List, Export.gov web site, [http://www.export.gov/eac/trade\\_events.asp](http://www.export.gov/eac/trade_events.asp), visited on the 28 of February 2006.