



U.S. Department of State FY 2001 Country Commercial Guide: Belgium

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I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Belgium's commercial environment, using economic, political and market analyses. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. CCGs are prepared annually at American Embassies through the combined efforts of several U.S. government agencies.

Belgium is a federal state composed of a central government, three regional governments (Flanders, Wallonia and Brussels Region) and three language communities (Dutch, French and German). There is no clear hierarchy among these policy levels and each has its own exclusive powers and areas of jurisdiction. The federal government is responsible for foreign affairs, national security, defense, taxes, and issues relating 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 American business such as foreign trade, environment and investment regimes and incentives will increasingly become the responsibility of the regional governments.

The Belgian economy has great depth and diversity. A highly developed market economy, it is heavily reliant on international trade. The country's Gross Domestic Product (GDP) is dominated by a very large service sector (70 % of GDP), followed by manufacturing (25 %) and agriculture (2 %). Exports account for more than 74 % of Belgium's GDP, making it one of the highest per capita exporters in the world. In addition to its own exports, Belgium functions as a transit and distribution center for many other countries to the rest of the European market. Consequently, over 75 % of Belgium's trade is with other European Union countries. This highlights the country's importance as a commercial axis in Western Europe. In addition, Belgium and the United States have enjoyed strong reciprocal trade relations over the years; Belgium ranks as the 9th largest trading partner of the United States. It is estimated that Belgium imported \$11.3 billion from the United States in 1999, about half of which was re-exported to other markets.

Belgium has a number of factors that contribute to its attractiveness for trade and investment. Its capital, Brussels, is an urbane city and home to the headquarters of the European Union and NATO, as well as hundreds of international institutions, associations and multinational corporations.

Antwerp is the second-largest port in Europe and Belgium's second-largest city. An outstanding network of roads, rails and inland waterways enable goods shipped into Antwerp to be moved quickly and cheaply to European manufacturing and distributions centers. Geographically, Belgium is within a 600-kilometer radius of 70 percent of the EU market. Equally important, Belgium has strong competitive advantages such as an excellent transportation infrastructure, high-quality industrial sites, and a skilled and productive workforce.

Belgium is home to over 1,300 U.S. companies that play an active and important role in the economy. Traditionally, Belgium has maintained an excellent investment climate including a number of recently implemented tax incentive packages. However, a recent foreign investment study commissioned by the American Chamber of Commerce (AmCham) in Belgium indicates a growing concern that a number of factors are eroding Belgium's attractiveness for new investment. In response to this study, the AmCham has drawn up a "Foreign Investor's Agenda". The key issues include high labor costs and social contributions, inflexible labor regulations, high taxation levels, costly work hiring practices and a perceived lack of consistency in the government's tax policies. Problems encountered by specific sectors, such as telecommunications and pharmaceuticals, are discussed briefly in Chapter VII: Investment Climate in this CCG.

As a member of the European Union (EU), Belgium must comply with all EU directives. Belgium is also one of the 11 European countries that introduced the euro as its currency in 1999. While the exchange rate of the Belgian franc into the euro is now permanently fixed, the currency will not begin circulating before January 1, 2002. For more information regarding the European Union, its directives, and the European Monetary Union, please reference the CCG for the European Union.

With regard to the import/export figures reported in this Country Commercial Guide, please note that EU export statistics are no longer collected by customs officials at the border, but by the companies themselves on a voluntary basis. There is no penalty if they fail to report correct figures and therefore, this can lead to inexplicable differences in trade statistics between countries.

The Commercial Service in the U.S. Embassy in Brussels is part of a European-wide initiative called Showcase Europe (SCE). Showcase Europe is a collective effort of all the Commercial Service offices throughout Europe to assist U.S. companies in the European market. It includes coordinated programs for market research, trade shows, advocacy, etc. Additional information on Showcase Europe (SCE) can be accessed through the Internet at <http://sce.doc.gov>.

The Commercial Service's mission is to place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, and on the protection of United States business interests abroad. Our core business is providing timely, relevant, customized business solutions to assist U.S. firms enter and develop global markets. We do this through a combination of cost-effective basic and specialized services.

Country Commercial Guides (CCGs) are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA or (202) 482-1986 for more information. CCG can be accessed via the World Wide Web at <http://www.stat-usa.gov>; <http://www.state.gov/>; and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4434. Additional information on exporting can be accessed through <http://www.USATrade.gov> and <http://www.stat-USA.gov>.

II. ECONOMIC TRENDS AND OUTLOOK

Belgium possesses a highly developed market economy, the tenth largest among the OECD industrialized democracies. The service sector generates more than 70 percent of GDP, industry 25 percent and agriculture two percent. Belgium ranked as the eleventh-largest trading country in the world in 1998, with exports and imports each equivalent to about 70 percent of GDP. Three-quarters of Belgium's trade is with other European Union (EU) members. Five percent is with the United States. Belgium imports many basic or intermediate goods, adds value, and then exports final products. The country derives trade advantages from its central geographic location and a highly skilled, multilingual and industrious workforce. Over the past 30 years, Belgium has enjoyed the second-highest average annual growth in productivity among OECD countries (after Japan).

Throughout the late 1970s and the 1980s, Belgium ran chronic budget deficits, leading to a rapid accumulation of public sector debt. By 1994, debt was equal to 137 percent of GDP. Because of the high Belgian savings rate, Belgium has largely financed its budget deficits from domestic savings. Foreign debt represents less than 10 percent of the total and Belgium is a net creditor on its external account.

With the signature of the Maastricht Treaty in 1993, Belgium's economic recovery began in earnest; for failure to meet the Maastricht criteria (on inflation, budget deficits and cumulative debt) would have meant that Belgium would not be allowed in as a first-tier member of the EMU, the European Monetary Union, with potentially dire consequences for this trading nation (both imports and exports account for 75 percent of GDP). Spurred by this external constraint, the Dehaene government froze wages in 1994 and started an ambitious plan to privatize several public sector enterprises (several banks, the telecom operator Belgacom and the national airline carrier Sabena).

In May 1998, Belgium did indeed become a first-tier EMU member, without additional macroeconomic requirements being imposed by the other Euro Zone members. On January 1, 1999, the definitive exchange rate between the Euro and the Belgium Franc (BF) was established at BF 40.3399. Belgium will gradually shift from the use of the BF to the use of the Euro as its currency by January 1, 2002. On April 1, 2002, the BF will be taken out of circulation and can only be changed at the regional offices of the National Bank of Belgium.

Belgium continues to post an impressive primary surplus (net government revenue minus interest on the debt) of 6 percent of GDP, and makes consistent progress towards the Maastricht target of a cumulative public debt not greater than 60 percent of GDP. The government's 2000 economic budget, presented in October 1999, projects a 1 percent deficit and a reduction in the debt/GDP ratio to 113 percent.

In 1999, Belgium posted a net economic growth of 3 percent of GDP, despite an incident involving dioxin-contaminated animal feed which disrupted production and exports of a wide range of agricultural food products. For the year 2000, however, a real economic growth of 4.1 percent of GDP is projected. Inflation is expected to be around 2.2 percent, mainly caused by higher petroleum prices. Belgium's current account surplus of 5 percent of GDP is one of the highest among OECD countries.

Sectoral growth in the Belgian economy reflects macroeconomic trends. Industry sectors that are oriented towards foreign markets, in particular those in the semi-finished goods sector such as iron

and steel, non-ferrous metals and chemicals are very sensitive to foreign business cycle developments. The capital goods sector is benefiting from strong investment demand in Belgium.

Belgium has an excellent transportation network of ports, railroads and highways, including Europe's second-largest port, Antwerp. Major U.S. cargo carriers have created at Brussels-Zaventem airport one of the first European hub-and-spoke operations.

Economic growth this year is mainly created through higher exports (due to the slide of the Euro against the dollar) and increased domestic demand (driven by higher consumer and producer confidence) as well as by increased investments. Meanwhile, wage costs seem to be under control for the time being, while unemployment is expected to come down from 9 percent in 1999 to 8.4 percent in 2000.

However, the 8.4 percent is an average figure which glosses over significant differences, both between demand and supply as well as between regions. Unemployment in Flanders is currently 4 percent, against 8 percent in Brussels and 16 percent in Wallonia.

There are no real job categories where unemployment is high, except for the non-skilled laborers. Last year, one in ten Belgian employment vacancies could not be filled, and the situation is getting worse, especially in the bilingual Brussels area. Most Belgian universities experience a strong brain drain through the higher wages offered by the private sector. In its latest business cycle assessment, the Belgian employers federation FEB summarized the situation as follows: 'an important risk for the overall optimistic economic outlook is the growing scarcity on the labor market. Companies experience growing difficulties in finding the right personnel, a problem which could well act as a brake on future economic growth.'

III. POLITICAL ENVIRONMENT

NATURE OF POLITICAL RELATIONSHIP WITH THE UNITED STATES

U.S.-Belgian bilateral relations are excellent. Active in international diplomacy in Europe, Africa, and elsewhere, Belgium is a close ally and works with the United States on many international issues. 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 strong transatlantic ties through NATO (North Atlantic Treaty Organization) and other institutions.

Belgium is home to the European Union (EU), NATO, Western European Union (WEU) and over 100 other international organizations. Belgium is a substantial aid donor, contributing bilaterally and multilaterally to humanitarian aid and development programs. In addition, Belgium is a provider of peacekeeping troops and has participated in various peacekeeping operations, including in Somalia, Rwanda and the former Yugoslavia. As a member of the IMF Executive Board, the G-10, and other organizations, Belgium wields significant influence in world affairs.

MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

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

BRIEF SYNOPSIS OF POLITICAL SYSTEM

Belgium has been a constitutional monarchy since 1830. Albert II was invested as King in August 1993, after the death of his brother Baudouin. The King, Prime Minister, and Cabinet constitute the executive branch of the federal government, with its 71-member Senate and 150-member Chamber of Deputies constituting the legislative branch.

The Government must retain the support of a majority in the Chamber of Deputies to remain in power. Federal parliamentary elections are held every four years or earlier if the government loses the support of a majority in the Chamber and no alternative coalition can be formed. There is universal suffrage, with compulsory voting and proportional representation.

On July 12, following the June 13, 1999 national and regional elections, a new “Right-Left” coalition was formed. It consists of the Flemish and Francophone Liberal Parties, the Socialists, and the Greens. The Prime Minister is Guy Verhofstadt of the Flemish Liberal Party (VLD).

The most significant, long-term factor in Belgian politics in recent years has been the gradual devolution of powers from the central authority to the regions. In the new federal structure, approved in July 1993, sovereignty is shared by the federal government, regions and the language communities. There is no hierarchy between these policy levels. Each has its own exclusive powers and is not allowed to interfere in matters under the jurisdiction of the others.

The regions are Flanders (northern, Dutch-speaking part of Belgium), Wallonia (southern, French-speaking area), and Brussels (the capital region, limited to 19 bilingual communes). There is also a small German-speaking region in the eastern part of the country. Each region is responsible for a wide range of socio-economic matters within its own territory. Elected regional assemblies for Flanders, Wallonia and Brussels exercise legislative powers within their own regions and elect executive authorities. Under the evolving federal system, the responsibility for areas of interest to U.S. business such as foreign trade, environment and investment regimes and incentives will increasingly become the responsibility of the regional governments. This devolution means that Americans wishing to do business in Belgium have considerably more contact with regional officials than in the past.

IV. MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS

Belgium has an excellent network of distributors who are often regarded by the French and Germans as a neutral source of goods. Belgium adheres to EU laws and directives, and Belgian business continues to benefit from the development of the single European market concept, which was developed by the EU member states in the 1990's. However, the openness of the Belgian market should not mislead American companies into thinking that doing business in Belgium is the same as in the United States. The cultural, linguistic and economic differences found among various regions of Belgium strongly influence their styles of conducting business. A good distributor must be able to operate within all these environments.

Belgian distributors tend to be small and specialized. They do not have ready access to inexpensive capital and are somewhat conservative when it comes to risk taking. Consequently, potential Belgian representatives will look to their suppliers for lenient credit terms. (See Section VIII: Trade and Project Financing).

Belgium has also established legal protection for distributors (as defined below) against sudden or unjustifiable termination of their distribution agreement. This includes measures ensuring the right to receive reasonable notice of termination and compensation for loss of income. In addition, the EU (European Union) has passed similar legislation protecting agents (as defined below). American companies should consider consulting a legal expert before drawing up a representation agreement in Belgium.

The Belgian industry sectors most oriented towards foreign markets were affected by a slowdown in French and German production which began in 1996. These sectors include semi-finished goods, such as iron, steel, non-ferrous metals, and chemicals. However, figures show that industrial output began growing again in 1997. This trend continued throughout 1998 and 1999, and is expected to continue through 2000.

The capital goods sector has benefited from strong investment demand in Belgium. The consumer products sector is gathering momentum as a result of the continued favorable economic trend. Sectors such as accounting, fiscal expertise, advertising and maintenance have done particularly well. However, sectors largely dependent on household consumption, such as retail, healthcare, and the catering industry, have taken longer to react to the improved economic situation.

USE OF AGENTS AND DISTRIBUTORS: FINDING A PARTNER

Several thousand U.S. companies are selling on the Belgian market through distributors and agents. The new-to-market U.S. company will find a large number of well-established representatives in virtually every industry sector in Belgium. On many occasions, their territory is larger than just Belgium; often it includes the Benelux (Belgium, Netherlands, and Luxembourg) and one or more neighboring European countries. European purchasers often perceive Belgian agents and distributors as neutral sellers. This places them at a distinct advantage vis-a-vis their German or French counterparts. However, many well-established distributors in certain sectors are reluctant to take on new product lines due to various business constraints, notably the lack of access to quick and affordable financing and high social costs for additional employees.

Considering the host of distribution options available in Belgium, it is important for the would-be U.S. exporter to select the method best suited to his or her product. Belgian buyers generally prefer to purchase through an intermediary; making sales directly to the end-user a scarce practice. However, sales of expensive, technically sophisticated goods are an exception to this rule.

Intermediaries may take one of three primary forms under Belgian law: Distributor, Agent, or Salaried Representative.

Distributor

The Law of July 27, 1961 defines the parameters of a distributorship agreement as any agreement under which the supplier reserves for its distributor(s) the right to sell, in their own name and for their own account, products manufactured or distributed by the supplier. The distributor (concessionaire) operates independently and is only bound by the written provisions of the distribution agreement. Several types of agreements exist, one of which is exclusive distributorship. Other agreements include those whereby the distributor is responsible for selling nearly all products specified by the supplier; and agreements that place significant responsibilities on the distributor to the extent that, in the case of termination, the distributor would be likely to incur substantial losses.

However, these agreements are subject to specific rules and regulations regarding exclusive distribution and price-fixing.

The conditions of contract termination are an important concern, and vary with the type of distribution agreement. Either party, without prior notification or indemnification, may terminate a distribution agreement of specified duration at the end of the contract period. If the termination takes place before the end of the contract period, the terminating party may be sued for breach of contract.

A distribution agreement with an unspecified duration may be terminated by either party without indemnification, after a fair notice period, usually six months. The termination of such a contract by the producer without fair notice may be grounds for damage claims by the distributor. In addition, the Law of 1961 provides an additional fair indemnity to be paid by the supplier to the distributor. This additional indemnity applies in cases where: 1) the distributor's activities result in a substantial increase in customers (provided they remain with the supplier after termination), 2) the distributor's investment costs will benefit the supplier after termination, and 3) the distributor pays severance indemnities to its personnel laid off at the time of the contract's termination.

Agent

This category covers commercial agents, as well as those persons acting as agents but not fulfilling the requisites for commercial agent status. As opposed to distributors, agents do not actually purchase goods for resale. Instead, they match up buyers and sellers on a commission basis. In 1995, new legislation concerning commercial agency agreements was enacted in support of the 1986 EEC (European Economic Community) Directive 86/653. This new legislation defines a commercial agency agreement as a contract where the principal assigns the commercial agent negotiation and possible signatory responsibilities. Thus the agent is able to act in the name and on behalf of the principal, on a permanent basis and in exchange for compensation. All agents exercise their activities in an independent manner, and their principals are exempt from payment of payroll taxes. Agents assume their own fiscal charges (business license tax and value-added tax) and social charges (health insurance, social security and retirement/pension benefits). For a more detailed explanation of the European Union and its governing European Directives (laws) please reference Chapter II: Economic Trends and Outlook of the EU Commercial Guide.

Commercial Agent

Agents with a written contract have the status of commercial agents if they exercise their activity as a sustained independent profession and fulfill the following conditions: 1) do not have a written employment contract; 2) negotiate sales and purchases on behalf of producers, manufacturers or dealers; and 3) are registered with the Tribunal of Commerce as commercial agents. A commercial agent is independent and free to act on the behalf of any other firm. However, in the case where the agent wishes to represent the principal's competitors, consent of the principal must be secured.

The principal may justifiably terminate the commercial agent contract only if the agent shows substantial deficiency in carrying out his or her obligations. After a fair notice period, an agency agreement with an unspecified duration may be terminated by either party without indemnification. This period is one month during the first year of the agreement, two months during the second year and so on with a maximum of six months unless another agreement is reached between both parties. Otherwise, contract termination gives the agent a right to indemnification, often equal to two years' commission.

Other Agents

Persons who do not fulfill all the requirements for commercial agency, and who are not in a position of subordination to the company they represent, are considered agents. A notary act or private agreement can effect the authorization of an agent. Either party may terminate the agency agreement at will, but the non-terminating party has a right to indemnification of losses.

Salaried Representatives

Unlike agents, salaried representatives have employment contracts. They share with their employers the burden of payroll taxes contributing to social security, unemployment compensation and retirement/pension plans.

Statutory Representatives

Whatever their qualifications or title, persons are considered statutory representatives if they exercise their activity as a sustained independent profession and fulfill the following conditions: 1) engage in the activity of a sales representative for the account of one or more employers; 2) desist from executing commercial operations on their own behalf; 3) institute mutual commitments with employers regarding the nature of the goods or services offered for sale, the region of activity or the category of clients, and the rate of compensation.

Non-statutory Salaried Representatives

Representatives who are subordinate to their employers and who do not fulfill the requisites for statutory representative status fall into a separate category and are considered regular employees.

Finding a Partner

The U.S. Department of Commerce's International Trade Administration offers several services to help the would-be exporter identify potential foreign representatives. The three primary services available from the Foreign Commercial Service in Belgium are the Gold Key Service, the Agent Distributor Service (ADS) and Industry Targeted Mailings. Brief overviews of these services are as follows:

Gold Key Service – Custom tailored service that combines orientation briefings, market research, appointments with potential partners, interpreter service for meetings, and assistance in developing follow up strategies

Agent Distributor Service (ADS) – Customized overseas search for qualified agents, distributors, and representatives for U.S. firms. For each ADS, commercial officers identify up to six foreign prospects that have expressed interest in the U.S. firm's product

International Company Profile (ICP) – Identifies the reliability of prospective trading partners. Some of the information provided includes: financial data, officers of the company, general reputation and other basic company data.

To request any one of these services, firms should contact the nearest U.S. Department of Commerce District Office.

In addition, the U.S. Department of Commerce offers a Franchise Partner Search Service (FPSS), Customized Market Analyses (CMA's), and International Company Profiles (ICP's). Since commercial credit reporting is readily available, FCS Brussels refers ICP requests to private entities. In unusual circumstances, FCS Brussels will complete the service on a case-by-case basis.

Contacting and Evaluating Potential Representatives:

Once an American company has identified several potential representatives, it should contact them directly in writing. Just as the U.S. firm is seeking information on the Belgian representative, the representative is interested in corporate and product information on the U.S. firm. The U.S. firm should provide full information on its history, resources, personnel, product line, previous export activity and all other pertinent information.

At the same time the firm is providing information on itself, it should also engage in a thorough investigation of the potential representative. Following is a list of important facts the firm should endeavor to find out about the representative's current status and history: background on principal officers, personnel and other resources, sales territory covered, current sales volume, typical customer profiles, methods of introducing new products into the sales territory, names and nature of U.S. firms currently represented, trade and bank references, assessment of whether U.S. firm's special requirement can be met, and view of in-country market potential for the U.S. firm's products.

The U.S. firm should not hesitate to ask potential representatives or distributors detailed questions; exporters have the right to explore the qualifications of those who propose to represent them overseas.

FRANCHISING

Although Belgium is a small country of ten million inhabitants, it is an excellent test market for launching new products in Europe. Belgian characteristics are very close to European averages regarding private and public expenditure, GDP per capita, age distribution, and activity of its population. In addition, the market is receptive to U.S. franchises due to its large American community stemming from international organizations such as NATO and SHAPE. This has led American franchisers to explore the market in ever-greater depth.

In March 1992, the Belgian Franchising Federation was established. The Federation is open to both domestic and foreign franchisers operating in the country. The Federation can provide prospective franchisers with considerable information on the franchise market in Belgium. The address is:

Belgian Franchising Federation
Boulevard de l'Humanité, 116/2
B-1070 Brussels
Tel: +32/2 523.97.07
Fax: +32/2 523.35.10
E-mail: fbf-bff@euronet.be
www.fbf-bff.be

There are no particular restrictions on opening franchise operations in Belgium. The European Union Directives 4087/88 of November 30, 1988 and articles 85 and 86 of the Treaty of Rome provide the legal framework for the franchising business in the EU. An excellent source of information on these matters is the European Franchise Federation. The European Franchise Federation, also located in Belgium, is a powerful pressure group. In addition, it has developed a European code of ethics for its members. It outlines a series of provisions on fair behavior, but does not have the effect of law. Its provisions include arbitration in the case of disputes. The address is:

European Franchising Federation

Boulevard de l'Humanité, 116/2
 B-1070 Brussels
 Tel: +32/2 520.16.07
 Fax: +32/2 520.17.35
 E-mail:eff-franchise@euronet.be
 www.eff-franchise.com

DIRECT MARKETING

Direct marketing is a steadily growing technique for selling directly to the consumer. Telephone calls at home, personalized letters and massive door to door letter-drops are all on the rise. There are signs, however, that consumer sensitivity is beginning to resist the onslaught. Belgium has several direct marketing organizations and is the home of the European Direct Marketing Association.

Federation of European Direct Selling Associations
 14, avenue de Tervuren
 1040 Brussels, Belgium
 Tel: +32/2 779-42-68
 Fax: +32/2 779-42-69

The following multi-range consumer mail order catalogs are also available in Belgium:

Trois Suisses
 11, Chaussee de Lille
 7501 Doornik, Belgium
 Tel: +32/2 760-58-58
 Fax: +32/69 88-22-11

La Redoute
 4, rue de Menin
 7730 Estaimpuis, Belgium
 Tel: +32/5 685-15-11
 Fax: +32/5 685-15-11

Neckerman
 Luxembourgstraat, 20
 9140 Temse, Belgium
 Tel: +32/3 710-88-11
 Fax: +32/3 710-89-33

JOINT VENTURES/LICENSING:

In addition to the Commercial Service, there are numerous banks, professional organizations, service companies, and financial organizations that are prepared to advise and assist parties considering joint ventures and licensing in Belgium. The American Chamber of Commerce (AmCham) in Belgium, which has over 1000 members, can provide practical assistance and professional advice to businesses of all sizes. Belgium has a very sophisticated business community with many highly qualified potential joint venture and licensing partners.

STEPS TO ESTABLISHING AN OFFICE

The American Chamber of Commerce, in conjunction with the U.S. Embassy, operates an outstanding service called the AmCham Investment Service. Drawing upon experts from the financial, accounting, real estate, legal, and business world, the AIS can be used by American companies considering opening an operation in Belgium. Upon request, AIS members will answer questions regarding a variety of issues either in person or via letter/fax. U.S. companies considering an investment in Belgium, including opening a sales office or distribution center, should contact the AmCham, Sheila Chabeau, (Tel: +32/2 513-67-70 or Fax: +32/2 513-35-90) to request use of the AIS. In addition, the AmCham publishes a booklet entitled "Doing Business in Belgium," which provides guidance on a host of issues related to setting up an operation in Belgium.

SELLING FACTORS/TECHNIQUES

In addition to a very competitive and sophisticated nature, the Belgian market is marked by the Dutch, French, and German language division and its related consumer characteristics. At the industrial level, where price/technical factors are usually paramount, the language issue is not particularly significant; but at the consumer level, issues such as labeling and marketing strategies take on greater importance. In both cases, personal relationships between buyers and sellers can be influenced by the language factor, so it is important to carefully check claims by importers and distributors that they cover the whole Belgian market.

U.S. companies are advised to quote prices on a Cost Insurance Freight (CIF), based on the Belgian sea or airport basis. This is standard practice for most exporters since it facilitates comparisons with EU supplier prices, which need no further adjustment for import duties and are usually quoted on a delivered warehouse basis.

ADVERTISING AND TRADE PROMOTION

The U.S. Commercial Service publishes a professional commercial magazine, entitled "Business Links," which is sent to over 8,000 subscribers throughout the Benelux. These subscribers include Belgian importers of U.S. products and services as well as American companies operating in Belgium. U.S. companies are welcome to advertise in the magazine. Rates are available from the U.S. Commercial Service at the Embassy or from the publisher, David Starr, Computerware, Avenue de la Fauconnerie 60, 1170 Brussels, Belgium, Tel: +32/2 660-54-68, Fax: +32/2 672-77-49.

The American Chamber of Commerce, consisting of American companies operating in Belgium and Belgian firms with U.S. business interests, also publishes a magazine, which goes to its 1,000 members. The Chamber's magazine reaches a clientele that want to interest American exporters. Rates are available from the American Chamber (Tel: +32/2 513-67-70 Fax: +32/2 513-35-90)

In addition, Belgium has a number of sophisticated newspapers and magazines published in Dutch or French. They are listed below, along with the one English language magazine published in Belgium, called "The Bulletin". English readers in Belgium can also choose from the International Herald Tribune and the Wall Street Journal Europe.

De Standaard (Dutch daily)
Gossetlaan 28
1702 Groot-Bijgaarden

Tel: +32/2 467-22-11
Fax: +32/2 466-30-93

Knack (Dutch weekly)

Tervurenlaan 153
1150 Brussels
Tel: +32/2 737-51-39
Fax: +32/2 737-51-10

De Financieel Economische Tijd (Dutch business daily)

3 bus, 9 Posthoflei
B-2600 Berchem
Tel: +32/2 286-02-11
Fax: +32/2 286-02-10

Trends Magazine (Dutch weekly)

Research Park Zellik
De Haak 2
1731 Zellik
Tel: +32/2 467-57-00
Fax: +32/2 467-57-58

Le Soir (French daily)

120 Rue Royale
1000 Brussels
Tel: +32/2 225-55-55
Fax: +32/2 225-59-11

La Libre Belgique (French daily)

Bd. Emile Jacqmain 127
1000 Brussels
Tel: +32/ 2 211-27-77
Fax: +32/ 2 211-27-94

L'Echo (French business daily)

Rue de Birmingham 131, 3rd Floor
1070 Brussels
Tel: +32/2 526-55-11
Fax: +32/2 526-55-26

Trends Tendances (French business weekly)

Research Park Zellik
De Haak 2
1731 Zellik
Tel: +32/2 467-59-00
Fax: +32/2 467-57-59

The Bulletin (English Weekly)

Ackroyd Publications
Chaussée de Waterloo, 1038

1180 Brussels

Tel: +32/2 373-99-09

Fax: +32/2 375-98-22

PRICING PRODUCT

Belgium is a highly competitive market and therefore 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 available from within the EU or other third country exporters. 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.

SALES SERVICE/CUSTOMER SUPPORT

Belgium has implemented legislation that facilitates the creation of distribution, service or coordination centers in Belgium. Distribution centers can engage in a variety of activities including: the purchase of raw materials for members of the company group; the storage, management, and packaging of raw materials; the sale, transport and delivery of these raw materials to group members; and the handling of certain goods purchased for resale. In addition to enlarging the activities performed at distribution centers, the Belgian government has passed legislation allowing these activities to be taxed at a favorable cost-plus rate. Similar tax benefits were also recently passed for service and coordination centers.

A service center is an external and independent entity, set up by a multinational company, with the purpose of exclusively carrying out between one and several specific activities on behalf of the companies of the group. Included in these activities is extensive customer support, such as call centers for the follow-up and support of the sale of goods, help desks for products, registration and confirmation of orders, data processing, customer information and so on. Qualifying service centers must be set up as Belgian resident companies. In contrast, a coordination center is designed to permit a multinational group to directly perform certain financial activities on behalf of its member companies. In distribution, service, and coordination centers, multinationals can derive significant tax and other benefits from operating in Belgium. Specialized tax regimes for all three types of centers allow international companies to broaden their activities while still benefiting from the system's advantages in terms of attractive tax incentives. See also Chapter VII: Investment Climate. For more information on distribution, service and coordination centers, a U.S. company should contact the American Embassy in Brussels or contact the following:

Ministry of Finance - Administration of Fiscal Affairs

Tour des Finances

Boulevard du Jardin Botanique, 50 bte 52

1010 Brussels, Belgium

Contact: Mr. Gombeer, Auditor

Tel: +32/2 210-23-48

Fax: +32/2 210-33-07

Ministry of Economic Affairs - Service for Foreign Investors

60, Rue Général Leemans

1040 Brussels, Belgium

Contact: Mrs. Colette Von Stralen

Tel: +32/2 206-58-63 or 206-58-64
 Fax: +32/2 514-03-89

Ministry of Finance - Administration of Direct Taxes
 Tour des Finances
 Boulevard du Jardin Botanique,
 50 bte 32
 1010 Brussels, Belgium
 Tel: +32/2 210-22-11
 Fax: +32/2 210-41-18

Contact: Mr. Patrick Jacobs - Coordination Centers,
 Distribution and Service Centers
 Tel: +32/2 210-23-42
 Fax: +32/2 210-41-18

FORUM 187 (Federation of Coordination Centers)
 Rue Brederode 13-11
 1000 Brussels, Belgium
 Contact: Jean-Yves Dopchie, Secretary General
 Tel: +32/2 282-00-50
 Fax: +32/2 280-18-16

SELLING TO THE GOVERNMENT

Although the objective of EU directives has been to open government procurement to foreign companies, in practice it is still advisable to work with a locally established company that has the appropriate contacts and local market expertise. Purchases by government or local are subject to procurement by public tender. Thresholds for public tenders are as follows:

- Works Directive (93/37/EEC): \$5.35 million
- Supplies Directive (92/36/EEC): \$214,000
- Services Directive (92/50/EEC): \$214,000
- Utilities Directive (93/38/EEC): \$428,000 (water, energy & transport)
- \$640,000 (telecom)
- \$5.35 million (works)

For an explanation of the European Union and its governing European Directives (laws) please reference the EU Commercial Guide.

PROTECTING YOUR PRODUCT FROM IPR INFRINGEMENT

The intellectual property rights (IPR) granted under U.S. patent, trademark or copyright law can only be enforced in the United States and its territories and possessions. The EU, for its part, has taken a number of initiatives to provide intellectual property protection, but not all measures have been implemented. In cases of non-implementation, national laws still prevail.

PATENTS

Belgium is a member of the World Intellectual Property Organization (WIPO) and the European Patent Convention (EPC). The Community Patent Convention has only been ratified by Germany and Greece, subsequently a single European patent, valid throughout the EU, does not yet exist. In the meantime, the patent applicant can choose between a national and a multiple-country patent. In the latter case, a single application to the European Patent Office in Munich (European Patent Office, Erhardstrasse 27, D-80331 Munchen, Germany, Tel: 49-89-23990, Fax: 49-89-23994465) is required for obtaining patents valid in a number of countries within the EU, Liechtenstein, Monaco, and Switzerland. A patent thus granted is valid in Belgium only when a copy of the grant is in one of Belgium's three national languages and is filed with the Belgian Office of Industrial Property. To obtain a national patent in Belgium, the inventor or his/her assignee must file a request with the Office of Industrial Property in the Ministry of Economic Affairs. Officially the Belgian Patent Office cannot refuse to grant anyone a patent. Normal Belgian patents last for six years. Those who require a twenty year patent must request a "Novelty and Non-Obvious Search." Once granted, the patent is registered with the Register of Patents, again located in the Ministry of Economic Affairs. However, the validity of the Patent is not guaranteed. The Belgian courts have the power to nullify a patent if the court feels that the patent does not meet the Novelty and Non-obvious specifications.

TRADEMARKS

An EU Trademark Office has been established in Alicante, Spain. Trademark registration can be handled through this office:

EU Trademark Office
Av. Aguilera 20
E-03080 Alicante, Spain
Tel: +34/96 513-9100
Fax: +34/96 513-1173

Trademarks in Belgium have been regulated by the Uniform Benelux Law of 1962, which offers protection in Belgium, the Netherlands and Luxembourg. A trademark application can be filed with the Belgian National Office in the Ministry of Economic Affairs or with the Benelux Trademark Bureau located in The Netherlands (15 Bardewyklaan, 2591 XR Den Haag, Tel: 31/ 70/ 349-1111, Fax: +31/70 374-57-08, Email: info@bmb-bbm.org). A search is required to ascertain the existence of a similar or identical trademark for the same category of product. If granted, protection lasts for ten years from the date of application and can be renewed for further periods of ten years each. Trademarks must be used within three years of registration or within any uninterrupted period of five years.

COPYRIGHTS

Belgium is a member of the Bern Convention and the Universal Copyright Convention of Geneva (UCC). As a member of the UCC, to which the United States and 50 other countries belong, Belgium accords authors automatic copyright protection throughout all UCC countries when registered with this organization. Protection exists for the life of the author, as well as 50 years after death. In addition, Belgium has passed a revised copyright law, which brings Belgian practice into conformity with existing EU directives. However, EU directives permit some variation in each member state and U.S. firms wishing to protect their copyrights in Belgium should consult local legal counsel. This is particularly true regarding reciprocity provisions in the new law.

The harmonization of national copyright legislation throughout the EU has been prioritized for certain sectors in the European Commission's green paper and follow-up paper. Steps have been taken in the fields of:

- Computer Programs (adopted): Software protected as literary work.
- Satellite Transmissions (adopted and in force): Authorizations from the copyright holder only in the member state from which the transmission occurs.
- Cable Broadcasts (adopted and in force): Rights for the simultaneous, unaltered retransmission by cable of programs would be negotiated exclusively within collective management societies.
- Copyright period (in force since July 1, 1995): Copyright protection 70 years after the death of the author, and for neighboring rights: 50 years.
- Rental/Lending and related rights (adopted): Exclusive right permitting authorities, performers and producers, film and record producers to authorize or forbid the rental or lending of their works. The directive harmonizes member state legislation on certain neighboring rights concerning fixation reproduction, distribution, broadcasting, and communications to the public.
- Databases (proposal): Harmonization of EU copyright rules affecting databases, including an "unfair extraction" clause.
- Design and Model protection (proposal): 25-year period of protection for industrial models and designs. Applications for the registration of a design are filed with the Benelux Office for Designs and Models or with the Ministry of Economic Affairs (see Appendix E, Foreign Investment offices).

NEED FOR LOCAL ATTORNEYS

Belgium is not a highly litigious country. Nevertheless, U.S. companies should consult local attorneys for most business transactions. For example, we have already noted above the need for local attorneys when drawing up an agency or a distribution agreement. The standard U.S. agreement, which often applies U.S. law, will not suffice in Europe. Local attorneys are also needed when registering patents, trademarks, or copyrights. Ultimately, local legal advice is essential when setting up an office, or when establishing a distribution, service or coordination centers. The Commercial Service of the U.S. Embassy maintains a list of local lawyers specializing in business transactions in Belgium and Europe.

PERFORMING DUE DILIGENCE

To assist American companies in conducting due diligence prior to entering into financial and/or business agreements with Belgian companies, the Commercial Service can recommend several reputable firms that handle credit reporting and collections services. The market leaders in Belgium are Graydon International and Dun & Bradstreet; both addresses can be found in Appendix E.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES:

* Please see Appendix F for lists of more comprehensive market research reports that augment the following market overviews.

Data in the following tables is in US\$ millions and ranked by next year's expected growth rate for U.S. imports.

1. Telecom Services

| | | |
|-----|------------------------------------------|--------|
| | 2000 est. total market size | 7,319 |
| | 2000 est. sales by U.S.-owned firms | 807 |
| 2. | Auto Parts and Service Equipment | |
| | 2000 est. total market size | 19,546 |
| | 2000 est. imports from the U.S. | 1,166 |
| 3. | Aircraft and Parts | |
| | 2000 est. total market size | 622 |
| | 2000 est. imports from the U.S. | 283 |
| 4. | Computer Software | |
| | 2000 est. total market size | 2,204 |
| | 2000 est. imports from the U.S. | 887 |
| 5. | Security Equipment | |
| | 2000 est. total market size | 254 |
| | 2000 est. imports from the U.S. | 33 |
| 6. | Electric Power Systems & Services | |
| | 2000 est. total market size | 3,661 |
| | 2000 est. imports from the U.S. | 87 |
| 7. | Telecommunications Equipment | |
| | 2000 est. total market size | 1,571 |
| | 2000 est. imports from the U.S. | 192 |
| 8. | Printing and Graphic Art Equipment (PGA) | |
| | 2000 est. total market size | 569 |
| | 2000 est. imports from the U.S. | 222 |
| 9. | Franchising | |
| | 2000 est. total market size | 5,004 |
| | 2000 est. sales by U.S.-owned franchises | 2,782 |
| 10. | Textile Fabrics | |
| | 2000 est. total market size | 2,217 |
| | 2000 est. imports from the U.S. | 93 |
| 11. | IT Hardware | |
| | 2000 est. total market size | 2,455 |
| | 2000 est. imports from the U.S. | 875 |
| 12. | Apparel | |
| | 2000 est. total market size | 3,369 |
| | 2000 est. imports from the U.S. | 96 |
| 13. | Seafood | |
| | 2000 est. total market size | 685 |
| | 2000 est. imports from the U.S. | 48 |

| | | |
|-----|-------------------------------------------|--------|
| 14. | Plastic Materials and Resins | |
| | 2000 est. total market size | 2,983 |
| | 2000 est. imports from the U.S. | 185 |
| 15. | Computer Services | |
| | 2000 est. total market size | 2,586 |
| | 2000 est. sales by U.S.-owned firms | 559 |
| 16. | Medical Equipment | |
| | 2000 est. total market size | 641 |
| | 2000 est. imports from the U.S. | 161 |
| 17. | Laboratory Scientific Instruments | |
| | 2000 est. total market size | 255 |
| | 2000 est. imports from the U.S. | 145 |
| 18. | Sporting Goods and Recreational Equipment | |
| | 2000 est. total market size | 806 |
| | 2000 est. Sales by U.S.-owned Firms | 13 |
| 19. | Travel and Tourism | |
| | 2000 est. total market size | 11,425 |
| | 2000 est. total spending by Belgians | 652 |
| 20. | Building Products | |
| | 2000 est. total market size | 10,586 |
| | 2000 est. total imports from U.S. | 32 |
| 21. | Pollution Control Equipment and Services | |
| | 2000 est. total market size | 2,550 |
| | 2000 est. total imports from the U.S. | 49 |

Rank of Sector: 1
Name of Sector: Telecommunications Services
ITA industry code: TES

In the third year of the liberalization of the Belgian telecommunications market, national operator Belgacom remains by far the most important telecom operator. However, 41 other telecom operators are also currently active in the Belgian market. During 1999, these other operators accounted for more than 6,000 jobs and a total turnover of \$1.15 billion. The entire telecommunications sector continues to grow at a high rate. The telecom services market in Belgium is expected to increase by 12 percent in 2000.

Mobile telecommunications is still the fastest growing segment of all telecommunications services. During 1999, mobile telephony in Belgium increased by 33 percent, totaling \$1.3 billion. This amount represented 43 percent of the traffic on the fixed network. During 2000, the increase amounts to 22 percent, totaling \$1.6 billion. For the first time, mobile telephone services represent

more than half (52 percent) of fixed telephony. There are currently 3.7 million mobile telephone users in Belgium. Proximus, the network of Belgacom Mobile, remains the GSM market leader in Belgium with a market share of 67.6 percent. The other two Belgian GSM operators, Mobistar, and Orange, share the additional 1.2 million users. The Belgian government will auction 4 licenses for the third generation of mobile phones (UMTS) by the end of the year 2000. UMTS services should be available during 2003. Meanwhile, mobile operators are offering Internet services based on WAP and GPRS technologies on their existing GSM networks.

Internet use continues to increase dramatically. Over 1.3 million connections to the Internet exist today and over 1 million families have access. As new options emerge for consumers to access the Internet, including cable and free ISPs, the number of users may increase at an even faster rate. In addition, the demographics of the average Belgian Internet user continue to change, particularly as more and more Belgian women begin surfing the Internet.

E-commerce in Belgium is also escalating; 35.5 percent of Belgian Internet users have made online purchases, which marked a 30 percent rise during a five-month period in 2000. The typical purchaser of goods online continues to be well-educated men between the ages of 25 and 54 who hold well-paying jobs.

Market Statistics

| | 1998 | 1999 | 2000 |
|------------------------------|-------|-------|-------|
| Total Market Size | 5,593 | 6,016 | 7,319 |
| Sales by Local Firms | 4,698 | 5,035 | 5,773 |
| Exports by Local Firms | N/A | N/A | N/A |
| Sales by Foreign-Owned Firms | 895 | 1,100 | 1,546 |
| Sales by U.S.-Owned Firms | 574 | 681 | 807 |
| Exchange Rate: BEF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars

The above statistics are unofficial estimates

Note: Differences in average annual exchange rates can distort the change in market size between 1998 and 2000.

Rank of Sector: 2
 Name of Sector: Automotive Parts and Service Equipment
 ITA industry code: APS

There are 4 million cars registered in Belgium and 13,000 maintenance and repair outlets. Belgium has a very strong assembly industry (GM, Ford, VW, and Volvo) that assembles 1.1 million vehicles annually. Chrysler, Ford, and GM are all successful with the models they assemble in Europe. Both Ford and GM are making substantial investments to increase their production capacity. However, the market for "American" models is still lagging. Among Belgian owned cars, 60 percent are European, 30 percent Japanese, 1.5 percent American and 9.5 percent are either Korean, Russian, Polish, or Czech. More than 60 percent of all new cars sold are Diesels.

Europeans in general, and Belgians in particular, tend to keep their cars longer than Americans do. In Belgium, 54 percent of cars are over five years old. While American garage and test equipment has always been highly respected, American-made automobiles are now also experiencing some resurgence in popularity. Best subsectors include anti-theft devices, fast-rotating replacement parts, gadgets for in-car entertainment, car maintenance chemicals, hands-free telephone kits, and GPS. In

the repair and service equipment market, the most promising items are air-conditioning, air-conditioning maintenance equipment, electric diagnostic equipment, and emission testing equipment.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|--------|--------|--------|
| A. Total Market Size | 15,451 | 16,525 | 19,546 |
| Total Local Production | 20,344 | 21,765 | 25,745 |
| Total Exports | 23,322 | 24,952 | 29,515 |
| Total Imports | 18,429 | 19,711 | 23,116 |
| Total Imports from U.S. | 921 | 986 | 1166 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 2000.

Rank of Sector: 3
 Name of Sector: Aircraft and Parts
 ITA industry code: AIR

Belgium's two major airline carriers are Sabena, with its subsidiaries Dat and Sobelair, and Citybird. By the year 2002, Sabena will have gradually replaced its fleet of Boeings with Airbuses. Its total fleet will then include 34 Airbuses of the A-320 family, 8 A-330, and 4 A-340. Sobelair will continue to fly its B-767 and B-737. Exports from the United States are forecast to increase from 1999 until 2003 due to Sabena's decision to power their 34 new Airbus A320's with GE's CFM 56 engines. Sabena has ordered 80 of the engines. Swissair plans to increase its stakes in Sabena to 85 percent; however, these plans await endorsement by the individual EU member states.

Sabena Technics, a third-party repair and maintenance station, will keep its Boeing maintenance activities. In addition, the company had recently formed a 50/50 joint venture with SNCEMA that will significantly increase its maintenance and repair activities on GE engines.

Citybird is a fast-growing outside airline carrier that thrives on no-frills/low cost fares. The only significant general aviation company is Abelag. It imports, maintains and operates several brands of general aviation planes and also provides ground handling for heads of state planes. There are approximately 120 Belgian companies involved in manufacturing and supplying aircraft parts. The best way to contact them is via their trade associations, FLAG and GEBECOMA. To enter the military market, American suppliers should contact the Office of Defense Cooperation (ODC) via the U.S. Embassy. Zaventem, Brussels' international airport, handled 20 million passengers in 1999 and is continually expanding with a new concourse currently in the design stage.

The Belgian Government as well as the local Aerospace Industry are poised to participate in two major projects: the FLA (Future Large Aircraft), or Airbus A-400M to replace the C-130, and the Airbus A-3XX. The government supports these projects, and Sabena is considering procuring the A-3XX. Decision on keeping and upgrading or replacing 90 F16 has been postponed. The Belgian Airforce also is in the market for procuring four, new or used, regional jets. Local aerospace industries include manufacturing of mechanical as well as structural parts. Statistics below do not reflect these projects slated for two or more years in the future.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| Total Market Size | 460 | 531 | 622 |
| Total Local Production | 114 | 145 | 170 |
| Total Exports | 175 | 193 | 226 |
| Total Imports | 521 | 579 | 693 |
| Total Imports from U.S. | 174 | 241 | 283 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 1999.

Rank of Sector: 4
 Name of Sector: Computer Software
 ITA industry code: CSF

Many opportunities exist for companies in the software market, primarily in Windows-based programs and applications, including: Internet, Intranet, and e-commerce software; networking software and network security products; development tools; Windows NT and UNIX-based products, data warehousing software, statutory and analytical consolidation software, and marketing applications software. The market for CRM software, although currently quite small in Belgium, has been projected by some analysts to grow at an astonishing rate in the coming years. Consumers have also shown a willingness to support gaming software for use on their PCs. According to the Belgian IT market research firm Heliview, the fastest growing software expenditure by Belgian companies during 2000 will be for network management with an increase of 49 percent compared to 1999. On the other hand, expenditures for network operating systems is declining at a rate of almost 9 percent. During 2000 custom-made software is expected to grow at a faster rate (6.5 percent) than packaged software (4.2 percent).

Market growth for 2000 is estimated at 13.2 percent, with a growth rate of over 8 percent expected for American manufacturers exporting their products to Belgium. Companies from the United States currently control an estimated 40 percent of the Belgian software market. Market growth may be slower for American manufacturers than for others because of this huge market share and because developers from other countries are beginning to manufacture their own version of software ideas pioneered in the United States.

Belgium has an extensive network of highly qualified packaged computer product distributors. Types of distributors range from those with large dealer networks to small, value-added resellers who focus on a specialized market. The majority of software originating in the United States is sold via this network; however, several American computer software companies have their own subsidiaries in Belgium and have established their own distribution network throughout the country. Other utilized channels of distribution are specialized computer shops and mail-order houses.

Market Statistics

| | 1998 | 1999 | 2000 |
|------------------------|-------|-------|-------|
| Total Market Size | 1,555 | 1,792 | 2,204 |
| Total Local Production | 638 | 735 | 887 |

| | | | |
|---------------------------|-------|-------|-------|
| Total Exports | 344 | 405 | 481 |
| Total Imports | 1,261 | 1,462 | 1,798 |
| Total Imports from U.S. | 758 | 811 | 936 |
| Exchange Rate: BEF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars

The above statistics are unofficial estimates

Note: Differences in average annual exchange rates can distort the change in market size between 1998 and 2000.

Source of Figures: EITO

Rank of Sector: 5
 Name of Sector: Security Equipment
 ITA Industry Code: SEC

During the past few years, the number of reported crimes, particularly in regards to stolen property and vehicles, has increased significantly in Belgium. The growing feeling of insecurity has resulted in an increased demand for security products from private companies, the public sector and private citizens.

Security companies are currently focusing on the residential market which is expected to grow twice as fast as the corporate market.

Although substantial amounts of security equipment are being imported, local production is larger because imported goods are assembled and then re-exported.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| A. Total Market Size | 183 | 217 | 254 |
| Total Local Production | 160 | 189 | 216 |
| Total Exports | 65 | 78 | 89 |
| Total Imports | 88 | 106 | 127 |
| Total Imports from U.S. | 20 | 23 | 33 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 6
 Name of Sector: Electric Power Systems and Services
 ITA industry code: EPS

Belgium's electric power is provided largely by nuclear energy (57.8%) followed by coal (12%), and natural gas from Algeria, the Netherlands and the North Sea (mainly Norway) (26.7%). In 1999, Belgium's electricity consumption was 75,935 Gwh, an increase of 0.5 percent over 1998. The small increase was due to a mild winter and the closure of a major steel producer during most of the year. The forecast for 2000 is an increase of approximately 2.4 percent in energy consumption.

Under the National Equipment Plan for Electricity and Transmission Facilities 1995-2005, a well-coordinated program of investment provides for the steady modernization and maintenance of the system. The \$9 billion program offers good opportunities for U.S. manufacturers despite strong competition from manufacturers in the EU. The current trend is for new generation equipment to be installed with combined cycle capability. Coal fired generators will also be steadily converted to combined cycle capability. Renewable energy is in its infancy in Belgium. Only 1.7 percent of the energy consumption in Belgium is renewable. The 1995-2005 National Equipment Plan is due for revision this year.

The Belgian law addressing the EU energy directives on electricity and gas was passed in April 1999. The implementation date for the first stage of electricity deregulation was February 19, 2000, with gas deregulation starting on August 10, 2000. New entrants into Belgium's electric power market will face stiff competition from Electrabel, which currently controls 84 percent of the market. In addition, there will be new competition from neighboring countries, such as France, which produce low cost electricity from nuclear power plants. However, there will still be excellent opportunities for American companies providing support services and equipment to the power generation market.

Energy (electricity and gas) trading is developing fast. Electrabel, already a major player in the U.S. energy trading sector, is the leading Belgian company in the business. Distrigas has a small presence in gas trading in Belgium. ENRON, which has a sales office in Brussels, is active in the European energy trading market, principally through the London and Amsterdam energy trading exchanges. Other energy trading exchanges have been created in Frankfurt, Leipzig, and Stockholm. A Brussels exchange is under discussion. With increased liberalization of the EU energy markets providing freedom of movement for energy products across EU borders, energy trading provides a good opportunity for U.S. companies with solid energy trading experience and techniques to move into this comparatively new market sector. EMART 2000, which takes place in Amsterdam on November 20-22, 2000, is the leading expo and conference forum for the energy trading sector in Europe. Detailed information is available on <http://www.synergy-events.com>.

The process of liberalization in the energy sector will be the major factor determining the development of market opportunities for foreign companies to sell to local energy companies.

The following table gives an estimate of the market for electric power generating, transmission, and distribution equipment.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|-------|-------|-------|
| A. Total Market Size | 3,141 | 3,268 | 3,661 |
| Total Local Production | 2,102 | 2,187 | 2,252 |
| Total Exports | 201 | 209 | 234 |
| Total Imports | 1,241 | 1,290 | 1,448 |
| Total Imports from U.S. | 74 | 77 | 87 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 7
 Name of Sector: Telecommunications Equipment
 ITA industry code: TEL

The total real growth in the 1999 Belgian telecom market totaled 13.8 percent, compared to the 1998 total of \$7.2 billion. Growth of the market is due primarily to the excellent performance of the mobile telephone market. Belgium's growth is remarkable compared to the rest of Europe, especially as far as growth in the number of mobile phones is concerned. With growth of 77 percent, Belgium ranks third in Western Europe, behind Spain (89 percent) and Switzerland (80 percent). The European average rate of growth is 55 percent. Thanks to this exceptional growth in 1999 the market for GSM equipment was worth more than that of the network equipment and switching equipment market for the first time: \$615 million compared to \$556 million. Furthermore, in the total market for telecom equipment, mobile telecom hardware now holds a 46 percent share. During 2000 the growth of the market for mobile telephone sets is estimated at 41 percent for a total of \$869 million, and is predicted to increase at 25 percent during 2001 to reach \$1.1 billion. No other European country performs better. On the other hand, growth in the market for telephone sets for fixed networks is estimated at a very moderate 4 percent.

The e-commerce market in Belgium in 1999 was worth \$186 million and is expected to grow to \$13.8 billion by 2004. This growth will mainly come from the SME (Small and Mid-Size Enterprises) market. Belgium is a country of SMEs that represent 73 percent of the country's total employment and 66 percent of the country's turnover. At the beginning of 2000, some 81 percent of the small and 84 percent of the mid-sized companies in Belgium were connected to the Internet. Furthermore, 22 percent of the small companies and 28 percent of the mid-sized companies in Belgium are considering hiring the services of an ASP in the next 18 months. According to IDC, this will result in the purchase of network equipment by SMEs representing an annual average increase in this market of 20 percent, from \$127 million in 1999 to \$262 million in 2003. The lion's share of this growth comes from switches: from \$68 million in 1999 to \$131 million in 2003. Hubs are stagnating whereas routers continue to grow, albeit with a moderate annual growth rate of 5 percent. Wireless LAN has been growing at 23 percent per year and IP telephony at 382 percent, from \$0.13 million in 1999 to \$66.4 million in 2003. Another segment with a bright future is virtual private connections. Some 100,000 existed in 1999; during 2000 that number should rise to 250,000 and to 2,200,000 in 2003.

Market Statistics

| | 1998 | 1999 | 2000 |
|---------------------------|-------|-------|-------|
| Total Market Size | 1,289 | 1,349 | 1,571 |
| Total Local Production | 993 | 1,035 | 1,133 |
| Total Exports | 688 | 718 | 783 |
| Total Imports | 984 | 1,032 | 1,221 |
| Total Imports from U.S. | 164 | 172 | 192 |
| Exchange Rate: BEF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars

The above statistics are unofficial estimates

Note: Differences in average annual exchange rates can distort the change in market size between 1998 and 2000.

Source of Figures: EITO

Rank of Sector: 8

Name of Sector: Printing and Graphic Art Equipment
 ITA industry code: PGA

The Belgian printing and graphic art equipment industry is expected to grow by 3.5 percent in the next few years. The sector is divided into two distinct subsectors:

- Electronic publishing equipment: This subsector has experienced rapid growth of 7 percent over the last few years. The United States market share is 60 percent. American companies offering the latest technology are likely to find strong interest for their products in this subsector.
- “Mechanical” equipment: Presses and bookbinding equipment lead in this subsector. German equipment dominates the Belgian mechanical equipment market. At present, the United States only has 2 percent market share due to strong European competition.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| A. Total Market Size | 512 | 527 | 569 |
| Total Local Production | 14 | 14 | 15 |
| Total Exports | 134 | 137 | 146 |
| Total Imports | 632 | 650 | 700 |
| Total Imports from U.S. | 192 | 199 | 222 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 9
 Name of Sector: Franchising
 ITA Industry Code: FRA

While the Belgian franchising industry is well established, it still offers attractive opportunities for growth. According to the European Franchise Federation, the next two years will experience a significant increase in the number of franchise systems and franchisees in Belgium. In 1999, there were 170 franchise systems in Belgium, entailing 3,500 franchisees and employing 28,500 people. The annual turnover was USD 4 billion or a 52 percent increase over the previous year. This was the highest growth rate recorded in Europe for 1999.

Most of Belgium’s franchise systems originate outside of Belgium. The countries of origin include France (49 percent), the United States (28 percent), and the United Kingdom (10 percent). Thirty-five percent of both the French and American franchised units are company owned.

France, the United States’ main competitor, enjoys several advantages in Belgium. First, Belgian consumers recognize many of France’s franchised brand names. Second, geographic proximity helps to reduce the perceived investment risk. The franchiser is able to closely follow and assist its franchised units and master franchisees. Third, the creation of the Euro has locked in the exchange rate between the French and Belgian francs, thereby easing the uncertainty of cross border investments.

Within the franchising system as a whole, the most developed franchising sectors are as follows: specialized food, non-specialized food, personal equipment, household goods, services, and hotels/restaurants/catering. Over the past five years, the service sectors have proven the most attractive for franchising. The service sectors with the most potential in Belgium include: hotels, hairdressing, car maintenance, travel, auditing, services for the elderly, private postal services, training and education, and home repairs.

Market Statistics

| | 1998 | 1999 | 2000 |
|-----------------------------------|-------|-------|-------|
| Total Market Size | 4,130 | 4,538 | 5,004 |
| Sales by Local Franchises | 2,270 | 2,499 | 2,782 |
| Total Exports by Local Franchises | N/A | N/A | N/A |
| Sales by Foreign-owned Franchises | 1,860 | 2,039 | 2,271 |
| Sales by U.S.-owned Franchises | 129 | 145 | 161 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 10
 Name of Sector: Textile Fabrics
 ITA industry code: TXF

The textile fabrics sector in Belgium continued to improve in 1999 in line with the country's improved economic situation. This trend is having a positive effect on consumer demand, which is reflected mainly in an increase in imports during the latter part of 1999. The outlook remains good for 2000 and 2001; this trend has continued in the first half of 2000 and is expected to last through 2001 at least. In 1999, production in the textile sector, which was affected by the Southeast Asia and South American crises in the early part of the year, picked up towards the end and is progressing well in 2000.

Major subsectors are household decorative fabrics and upholstery textiles. Belgium is a major producer and exporter of household linen. There is a good market for upholstered textile, of which the U.S. is a major supplier.

The annual Decosit trade show in Belgium has become the major international event in the upholstery textile sector. Some forty U.S. upholstery textile manufacturers exhibit at Decosit. In cooperation with the U.S. Department of Commerce Office of Textiles and Apparel (OTEXA), the U.S. Embassy organizes a U.S. pavilion at Decosit. The next Decosit trade show will take place on September 10-13, 2000. Companies interested in exhibiting should contact: OTEXA, U.S. Department of Commerce, Washington, DC 20230; tel: (202)482-5153; fax: (202)482-2859.

Market Statistics

| | 1998 | 1999 | 2000 |
|------------------------|-------|-------|-------|
| A. Total Market Size | 1,994 | 1,998 | 2,217 |
| Total Local Production | 4,008 | 4,015 | 4,455 |
| Total Exports | 3,767 | 3,773 | 4,184 |
| Total Imports | 1,753 | 1,756 | 1,946 |

| | | | |
|--------------------------|------|-------|----|
| Total Imports from U.S. | 83 | 84 | 93 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 11
 Name of Sector: IT Hardware
 ITA industry code: CPT

The IT hardware market has continued to grow in real terms at about 5.4 percent per year during 1999 and 2000. The drop in the price of computer hardware has had a dramatic effect on growth rates over the past 4 years, causing them to fall from 12 percent in 1997 to 7.3 percent in 1998, to its current rate. PCs and NT-servers, networking equipment, and mass storage devices have fueled much of the existing growth.

The largest market, PCs and portables, saw \$965 million in 1999 sales; the PC market is expected to grow by 5 percent and the portable market by 8.9 percent during 2000. The server market in Belgium in 1999 amounted to \$832 million and is expected to increase by 6.1 percent during 2000. Workstations continue to decline in 2000 at a rate of 3.1 percent. The PC printer market reached \$364 million in 1999 but will decline by 2.8 percent in 2000.

One of the principal reasons for this sustained growth in IT hardware market is the surge in popularity of the Internet in Belgium. An estimated 44 percent of Belgians have access to the Internet, and as growth continues more, PCs should be purchased. Despite the decline in dollar growth in the IT hardware market, the volume of PC units sold is expected to continue to grow. The PC market in Belgium in 1999 amounted to 617,207 shipments, with Compaq, Dell, and IBM leading in sales. The Belgian notebook market amounted to 140,524 shipments in units in 1999, with Compaq and Toshiba leading the market. It is expected that 162,486 notebooks will be shipped in 2000. According to the Belgian IT market research company Heliview, during 2000 computer hardware continues to be the biggest portion (49.3 percent) of total IT expenditures by Belgian companies, representing \$2.7 billion.

The e-commerce market in Belgium is expected to grow to \$13.8 billion by 2004 from \$186 million in 1999. This growth will mainly come from the SME market. Demand for gigabit ATM backbones, e-commerce servers, and wireless LANs has become increasingly common. Significant growth can be anticipated in devices used for WAN switching, client-to-LAN and Internet remote access, and customer premise access.

Market Statistics

| | 1998 | 1999 | 2000 |
|---------------------------|-------|-------|-------|
| Total Market Size | 2,119 | 2,234 | 2,455 |
| Total Local Production | 765 | 759 | 825 |
| Total Exports | 405 | 403 | 438 |
| Total Imports | 1,759 | 1,878 | 2,068 |
| Total Imports from U.S. | 749 | 791 | 875 |
| Exchange Rate: BEF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars

The above statistics are unofficial estimates

Note: Differences in average annual exchange rates can distort the change in market size between 1998 and 2000.

Source of Figures: EITO

Rank of Sector: 12
 Name of Sector: Apparel
 ITA industry code: APP

Throughout 1999, consumer spending in Belgium continued to pick up after over five years of flat, and even depressed, consumer demand levels. Private consumption grew 2.2 percent in 1999, which reflected increases in real income per household and an improvement in consumer confidence. Economic forecasts point to steady growth of about 2.5 percent for 2000 and 2001. Belgian apparel sales traditionally follow consumer spending trends, as shown in 1999, when the market for apparel increased 2.4 percent over 1998. Future market growth is expected to be about 2.5 percent, in terms of overall consumer spending.

The sale of apparel is still largely in the hands of independent retail outlets, which tend to purchase on an "as-needed" basis, requiring immediate delivery and payment terms with credit. Importers/distributors and wholesalers therefore play a major role in supplying the market. The following statistics show the pattern of retail distribution in this sector:

| | |
|------------------------------------|-------|
| Independent retail outlets | 78.5% |
| Department stores and supermarkets | 4.8% |
| Apparel chain stores | 16.7% |

There is good market interest for American sporting and leisure apparel, as American styles are popular and designer and branded products are less price sensitive. However, U.S. exporters have to be prepared to price very competitively to overcome the current high exchange rate of the dollar. The main competition comes from manufacturers and designers in France, Germany and Italy. For budget clothing and mass distribution items, low cost producers in the Far East, such as China, Thailand, Korea, and Indonesia continue to be major suppliers to the Belgian market.

The Brussels International Trade Mart and International Fashion Group provide showroom and sales facilities for importers/distributors and manufacturers.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|-------|-------|-------|
| A. Total Market Size | 2,952 | 3,085 | 3,369 |
| Total Local Production | 1,863 | 1,943 | 2,124 |
| Total Exports | 1,008 | 1,050 | 1,146 |
| Total Imports | 2,097 | 2,192 | 2,391 |
| Total Imports from U.S. | 82 | 87 | 96 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 13
 Name of Sector: Seafood
 ITA industry code: MFI

Belgium is an excellent distribution center for much of Europe's seafood industry. In 1999, the per capita consumption of seafood in Belgium reached a high of 23.7 kilos compared to an average of 12-15 kilos for the rest of Europe. This figure has been increasing steadily at an annual rate of four percent over the last ten years. Although the traditional fish business remains strong, there is also a trend towards high profile, high quality value-added products. The most promising subsectors for these products are lobsters, fresh/frozen salmon, frozen value-added seafood and easy-to-prepare seafood meals. The United States benefits from increasing health awareness emerging in Belgium. Seafood from the United States are regarded as meeting high quality standards and have successfully passed very rigid quality inspection. Another trend in favor of American exporter is the shift towards easy-to-prepare seafood meals. Although this concept is well-developed in the United States, there is still great potential for increased sales in Belgium

Since 1993, Brussels is host to the annual European Seafood Exposition held in April. This international event is known in seafood circles as Europe's premier seafood fair and attracts exhibitors and visitors from all around the world. The 2000 event included 950 exhibitors and was visited by over 13,000 professionals, of which eighty percent were non-Belgians.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| A. Total Market Size | 590 | 622 | 685 |
| Total Local Production | 44 | 43 | 45 |
| Total Exports | 164 | 173 | 193 |
| Total Imports | 710 | 752 | 833 |
| Total Imports from U.S. | 40 | 43 | 48 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.
 The above statistics are unofficial estimates.

Rank of Sector: 14
 Name of Sector: Plastic Materials and Resins
 ITA industry code: PMR

Following the low levels of the mid nineties, the market is in a growth phase in accordance with the general improvement in the European industrial environment. Growth at 2 percent per annum was achieved in 1998 followed by a strong increase of about 8 percent in 1999. A steady increase in the region of 2 percent per annum is expected for the next two to three years. Price levels, however, continue to be very competitive as over-capacity has led to price-cutting marketing tactics. Restructuring and re-grouping will continue as the industry attempts to achieve cost savings by cutting capacity and achieving more efficient marketing and distribution.

The outlook for the Belgian plastic industry remains good because of its proximity to international shipping and distribution networks. After Houston, Antwerp has the largest concentration of chemical and petroleum industries, which provide a strong local source of raw materials. However, low-cost producers in Asia and Eastern Europe create strong competition. The high dollar exchange

rate, combined with the weak Euro, has not favored imports from the U.S., although the strong market position and good product innovation record of U.S. plastics and resins manufacturers are expected to enable them to maintain their current level of exports to Belgium at least in line with forecast market growth of 2 to 3 percent per annum.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|--------|--------|--------|
| A. Total Market Size | 2,625 | 2,730 | 2,983 |
| Total Local Production | 24,032 | 24,996 | 27,302 |
| Total Exports | 23,497 | 24,443 | 26,699 |
| Total Imports | 2,091 | 2,177 | 2,380 |
| Total Imports from U.S. | 161 | 168 | 185 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 15
 Name of Sector: Computer Services
 ITA industry code: CSV

Real growth in the market for computer services in Belgium is expected to remain relatively stable in 2000, with a continuing growth rate of 9 percent from 1999. The largest IT spenders in Belgium are the financial and other services sectors (43 percent), followed by the manufacturing, building, and transport industries (28 percent), and the public sector, health care, and education (16 percent). There are more than 3,000 IT services companies active in the Belgian market, including 431 companies in consulting and 1,759 in software development. While most of these are small enterprises, 40 percent of the IT services market is controlled by medium and large companies. IBM, Siemens, Econocom, Systemat, EDS, and Hewlett-Packard are considered among the top players in the IT services market.

According to a recent study by the IT market research company Heliview, Belgian companies will spend \$5.6 billion on IT projects during 2000 compared to \$5.3 billion in 1999. IT services represent 31 percent of Belgian companies' total IT budgets. The IT services market is distributed as follows: systems integration, 35.6 percent; software creation, 36 percent; consulting, 5.6 percent; facilities management, 8.4 percent; outsourcing, 7.5 percent; and IT-staff hiring, 6.9 percent. The fastest growing segments are in the hiring of IT staff (32.5 percent) and in outsourcing (15.2 percent).

The e-commerce market in Belgium in 1999 was worth \$186 million and is expected to grow to \$13.8 billion by 2004. This growth will come primarily from the SME (Small and Mid-Size Enterprise) market. Belgium is a country of SMEs. They represent 73 percent of the country's total employment and 66 percent of the country's turnover. The IT services market for e-commerce projects is very promising. At the beginning of 2000, some 81 percent of small and 84 percent of mid-sized companies in Belgium were connected to the Internet. Furthermore, 22 percent of small companies and 28 percent of mid-sized companies in Belgium are considering hiring the services of an ASP in the next 18 months.

Market Statistics

| | 1998 | 1999 | 2000 |
|------------------------------|-------|-------|-------|
| Total Market Size | 1,915 | 2,171 | 2,586 |
| Sales by Local Firms | 1,149 | 1,280 | 1,496 |
| Exports by Local Firms | N/A | N/A | N/A |
| Sales by Foreign-Owned Firms | 766 | 891 | 1,090 |
| Sales by U.S.-Owned Firms | 454 | 503 | 559 |
| Exchange Rate: BEF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars

The above statistics are unofficial estimates

Note: Differences in average annual exchange rates can distort the change in market size between 1998 and 2000.

Source for Figures: EITO

Rank of Sector: 16
 Name of Sector: Medical Equipment
 ITA industry code: MED

Belgians enjoy sophisticated and high quality medical services. Likewise, Belgium has a well-developed national medical insurance system, which covers almost the entire population. Annual payments to providers in 1999 reached \$12.97 billion. Belgium ranks thirteenth among the twenty-four OECD nations in terms of health care spending as a percentage of GDP, and fifth among the twelve EU member states.

U.S.-produced medical equipment is very popular, especially with FDA pre-marketing approval. Only 15 percent of Belgium's medical equipment requirements are manufactured locally. Most promising sub-sectors include infant care and intensive care equipment, home health care equipment, all medical systems and equipment facilitating shorter hospital stays, non-invasive techniques reducing the need for surgery, advanced medical imagery and electro-diagnostic systems. In the field of electrical medical equipment, the United States is Belgium's top supplier. As of June 1998, it has been crucial for companies marketing any medical equipment in EU countries to affix the CE mark to their products (See Chapter VI, re: CE marks).

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| A. Total Market Size | 638 | 647 | 641 |
| Total Local Production | 82 | 83 | 50 |
| Total Exports | 12 | 11 | 21 |
| Total Imports | 568 | 575 | 612 |
| Total Imports from U.S. | 145 | 147 | 161 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1998 and 2000.

Rank of Sector: 17
 Name of Sector: Laboratory Scientific Instruments

ITA industry code: LAB

Two major consumers of laboratory scientific instruments are the chemical and pharmaceuticals industries, both of which play an important role in Belgium's economy. In addition, Belgium's seven universities support significant research programs, which contributes to a high demand for laboratory instruments.

Other factors influencing this sector include the increasing importance of quality control mechanisms (as defined by ISO 9000 certification requirements) and increasing constraints on pollution control. The market is also heavily influenced by the need for equipment renewal to keep up with constant upgrades in computer software for advanced applications. Most promising is the "Equipment Hyphenation" whereby several functions are integrated into a single, large system for physical and chemical analyses performed by polarimeters, refractometers and spectrometers. The United States is Belgium's leading supplier of modern laboratory equipment. U.S. multinationals in the chemical industry as well as in the instruments industry play equally important roles in providing a showcase for U.S. made instruments.

Although sales are on the rise in the chemical industry and particularly in the pharmaceutical industry (the latter reports a 30 percent increase in sales over the last 12 months), the scientific instrument trade forecasts only a marginal increase, if any, in 2000. Statistics below reflect a 1.5 percent increase for projected inflation, and an exchange rate adjustment.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|------|-------|------|
| A. Total Market Size | 218 | 241 | 255 |
| Total Local Production | 0 | 0 | 0 |
| Total Exports | 24 | 26 | 27 |
| Total Imports | 242 | 267 | 282 |
| Total Imports from U.S. | 120 | 133 | 145 |
| Exchange Rate: BF per \$ | 35.7 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 1999.

The above statistics are unofficial estimates provided by the industry association. Please note that in this sector, goods are imported into Belgium and then re-exported into other European markets. For this reason, the export figures exist although there is no local production. Local production is entirely done in-house by end-users, and therefore are not quantifiable.

Rank of Sector: 18
 Name of Sector: Sporting Goods and Recreational Equipment
 ITA industry code: SPT

The European economy is doing well and consumer purchasing power is subsequently increasing. The Belgian sporting goods market is flourishing again. Small dealers are still finding it difficult to compete with the consolidation of the market among the large sporting goods retail distribution chains.

Belgium remains highly receptive to American sporting goods products that are innovative, of high quality and not yet widely distributed on the Belgian market. However, the weakness of the Euro versus the U.S. dollar is somewhat hampering sales of some U.S. sports equipment in favor of European brands. The U.S. is nevertheless still the leader for golf equipment, which is becoming a leading sport in Belgium as golf clubs decrease their membership fees to attract new, younger members. The market for tennis equipment is also increasing since certain schools in Belgium now have compulsory tennis courses. It is estimated that within the next four years demand for tennis equipment will raise by 10-15 percent.

Basketball equipment, which is mainly supplied by the U.S., and soccer equipment are booming. In general, sports shoes and casual sportswear are market segments on the rise. However, due to the strong dollar, Nike is an example of U.S. sales which have dramatically dropped in favor of European brands such as Adidas.

The outdoor sports market is continuing to grow very fast with an increase in the number of stores. The following articles are increasing in demand: summer mountaineering and climbing equipment, canoes, backpacks, tents, boats, and protection sunglasses. In this field, there is a growing demand for top-quality goods of well-known brands.

Interest for badminton equipment remains stable, as well as for running and walking equipment, and for bicycle equipment. Interest for roller skates and in-line skating has decreased, and fitness equipment is experiencing difficult sales in a small market.

Market Statistics

| | 1998 | 1999 | 2000 |
|---------------------------------|------|-------|------|
| A. Total Market Size | 732 | 750 | 806 |
| B. Sales by Local Firms | 670 | 683 | 733 |
| C. Exports by Local Firms | 31 | 31 | 30 |
| D. Sales By Foreign-owned Firms | 93 | 98 | 103 |
| E. Sales by U.S.-owned Firms | 10 | 12 | 13 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 2000.

Rank of Sector: 19
 Name of Sector: Travel and Tourism Services
 ITA industry code: TRA

Despite the strong dollar, travel to the United States remains strong. Competition among transportation service providers -- airlines and tour operators -- has kept prices down and interest up. Sabena, United, American, Delta Air Lines, Continental and City Bird provide direct service to the United States from Brussels, while other carriers provide service through other nearby European cities. Business travel has increased due to the growth of business between the US and Belgium/EU. As a vacation destination, the US is the long-haul favorite among Belgians.

1998 saw a 4.6 percent decline in the number of Belgian travelers to the US however, the figure rebounded 8.1 percent in 1999 to 248,821 travelers. The number is expected to increase 14 percent between 1999 and 2003.

Major growth sectors include fly-and-drive packages, mobile home vacations, and event-specific packages (e.g. Indy 500, ski weeks, Disneyland, shopping trips). New York, Florida and California continue to be the most popular destinations, though Chicago, Atlanta, Washington DC, Boston and Cincinnati also see significant traffic. Most Belgian travelers visit more than one state in the US and venture into a variety of locations. An increasing number of visitors from Belgium are choosing to rent cars to visit smaller towns and cities thus increasing motor tourism.

The Visit USA Promotion and Marketing Bureau is a very useful source of information for the travel trade and general public. This organization is also a useful resource for travel industry professionals and for potential visitors to the US. It handles over 40,000 requests annually for information, and organizes travel promotion events. Their major event is the Visit USA Workshop (next event: March 1, 2001), where some eighty exhibitors meet with over five hundred travel trade professionals from Belgium and Luxembourg to discuss business opportunities. The Visit USA Promotion and Marketing Bureau contact information is Mr. Steve Hellemans: Tel: +32/ (0)479 299 799,

Fax: +32/(0)3 899 13 76, E-mail: info@visitusa.org Website: <http://www.visitusa.org>

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------------------|--------|--------|--------|
| A. Total Market Size | 10,105 | 10,615 | 11,425 |
| B. Total Spending on Foreign Travel | 5,727 | 6,016 | 6,477 |
| C. Total Spending on Domestic Travel | 4,378 | 4,599 | 4,950 |
| D. Total Spending by Belgians | | | |
| Visiting the U.S. | 557 | 603 | 652 |
| E. Total Number of Belgians | | | |
| Visiting the U.S. | 230 | 249 | 257 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values A-D are in millions of U.S. dollars. Values in E are in thousands of travelers.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size.

Rank of Sector: 20
 Name of Sector: Building Products
 ITA industry code: BLD

American industry supplies 50 percent of softwood and plywood market. Out of the \$19 million of U.S. exports to Belgium in 1999, \$15 million remained in the Belgian market, and \$4 million was re-exported. There is potential for innovative American building products. Every year, around forty thousand new homes are built in Belgium and even more are being remodeled. However, building patterns are very different from those in the United States. For instance, only ten percent of Belgian homes are prefabricated, and nearly 90 percent of all homes are custom built out of brick. This reflects the notion that homes are constructed to last for two or more generations. For commercial buildings, concrete is preferred over all other materials. Best sub-sectors include plywood, particleboard, medium density fiberboard, innovative roofing products and building sealants, do-it-

yourself building sub-components and intrusion alarm systems. The number of housing starts is still growing vigorously, as the economy recovers and consumer confidence rises. The current low mortgage rates, as well as a temporary reduction of VAT (sales tax) from 21 percent to 6 percent for renovating homes that are more than 20 years old, still increase this market sector.

Market Statistics

| | 1998 | 1999 | 2000 |
|--------------------------|--------|--------|--------|
| A. Total Market Size | 10,161 | 10,130 | 12,414 |
| Total Local Production | 8,108 | 8,083 | 9,906 |
| Total Exports | 811 | 809 | 991 |
| Total Imports | 2,864 | 2,856 | 3,499 |
| Total Imports from U.S. | 30 | 31 | 38 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 2000.

Rank of Sector: 21

Name of Sector: Pollution Control Equipment and Services

ITA industry code: POL

Belgium is one of the most densely industrialized and populated areas in the world. As a result, it faces numerous pollution and waste management problems. The three regional governments of Belgium, each responsible for environmental issues and implementation of EU directives in its area, have set up specific long-term environmental management plans, for waste (including soil remediation), water and air pollution. The success of the Greens party in the June 1999 federal and regional elections ensures that more attention will be given to ecological issues and consumer protection in general. Growing opposition to new landfills and incinerators will force a reduction of wastes at the source. Belgium will strengthen implementation of the polluter-pays principle through ecotaxes and increase pollution taxes to finance environmental infrastructure.

Belgium has had some serious cases of site contamination. Flanders has a plan to remediate all contaminated historical sites by 2036. Industrial site owners are now liable for their lifetime for any pollution generated on site. By 2003, soil of all gas stations will need to be sampled and potentially de-polluted from hydrocarbons. Wallonia has a similar plan to remediate old sites by 2010. Creation of public wastewater treatment plants is developing in all three regions. Air pollution control will need to concentrate on reducing emissions of particulate matters in urban areas.

The total environmental expenditure in Belgium (public and private sectors) is about 1.1 percent of GDP and amounts to approximately 2.6 million dollars with priorities on waste management (46 percent), used water treatment (38 percent), and air pollution control (16 percent). Belgium still needs to increase expenditures on environment if it is to meet its domestic objectives as well as its EU and other international environment commitments. Best prospects include measurement and analysis instruments, monitoring equipment, process controls, emission filters, recycling (old tires and green waste), and waste water and soil remediation technologies.

Market Statistics

| | 1998 | 1999 | 2000 |
|----------------------------|-------|-------|-------|
| A. Total Market Size | 2,747 | 2,770 | 2550 |
| B. Total Local Production | 2,994 | 3,046 | 2,830 |
| C. Total Exports | 898 | 896 | 841 |
| D. Total Imports | 651 | 620 | 560 |
| E. Total Imports from U.S. | 71 | 60 | 49 |
| Exchange Rate: BF per \$ | 36.3 | 37.73 | 41 |

The above market values are in millions of U.S. dollars.

The above statistics are unofficial estimates.

Note: differences in the average annual exchange rates can distort change in market size between 1997 and 2000. [i.e. according to a flat rate in BF, the total market size has remained constant between 1999 and 2000].

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS TO BELGIUM AND LUXEMBOURG:

WINE

Belgium imports of U.S. wine jumped 19 percent in 1999 to 265 million Belgian Francs (approximately US\$7 million) according to the Belgian Office of Foreign Trade. Although France continues to be the major supplier of wine to the Belgian market with approximately 78 percent market share, France continues to lose market share to wines from the "New World" countries, such as South Africa, Chile and the United States. In Belgium, wine from the United States jumped from 94 million BF (approximately US\$ 3 million) in 1997 to 265 million BF (approximately US\$ 7) in 1999. On a volume basis, Belgian imports from the United States increased from 1,092,000 liters to 1,916,000 liters during the same time period. Although the Belgian market is relatively small, interest in U.S. wines is growing. Popular varieties in Belgium include Cabernet Sauvignon, Chardonnay, Zinfandel, and Pinot Noir. Because the average price for wines retailed through Belgian supermarkets is approximately \$5, specialty wine shops and the hotel/restaurant sector offer the most opportunity for U.S. wines. Belgian consumers value quality and are willing to pay higher prices for high quality wines. Promotional support and consumer education efforts are important tools to stimulate U.S. wine sales in the Belgian market.

Market Statistics

| | 1998 | 1999 | 2000 |
|---------------------------------------|---------|---------|---------|
| A. Total Market Size | | | |
| -in 1,000 liters- | 214,879 | 204,998 | 207,000 |
| B. Total Local Production (Bel & Lux) | 15,900 | 16,000 | 16,000 |
| Total Exports | 18,765 | 29,534 | 29,000 |
| Total Imports | 217,744 | 218,532 | 220,000 |
| Total Imports from U.S. | 1,553 | 1,929 | 2,300 |

Data for 2000 included in this chart are estimates

Source of trade data: Belgian Office for Foreign Trade/National Bank of Belgium.

TREE NUTS

Compared to other countries in the European Union, Belgian per capita consumption of tree nuts is relatively small. However, nut consumption has been increasing in the past five years and potential exists for continued increases in consumption, particularly for walnuts and almonds. Although a significant amount of Belgian nut imports are sold through specialty stores, retail sales through supermarkets are becoming increasingly important. Nuts are often imported in-shell and then roasted and salted in Belgium. In addition, there are a number of Belgian food-processing firms that use imported nuts in bakery products, confection and ice cream. Likewise, nuts are an important input for snack foods, a market estimated at 3 billion Belgian Francs.

Market Statistics

| | 1998 | 1999 | 2000 |
|-------------------------|--------|--------|--------|
| Total Market Size | | | |
| -in Metric tons- | 29,312 | 24,092 | 25,600 |
| Total Local Production | 600 | 600 | 600 |
| Total Exports | 12,872 | 20,486 | 20,000 |
| Total Imports | 41,584 | 43,978 | 45,000 |
| Total Imports from U.S. | 5,864 | 7,033 | 8,500 |

Data for 2000 included in this chart are estimates

Source of trade data: Belgian Office for Foreign Trade/National Bank of Belgium.

COMMENTS:

F. Mainly almonds and walnuts

FRUIT JUICES

Belgium is a major importer, processor, and exporter of fruit juices. A substantial volume of concentrated juice is imported and then processed and packaged for re-export or domestic consumption. Although Belgian consumption of fruit juice is growing slowly, approximately 2 percent per year, the market for not-from concentrate (NFC) juice is increasing. Still a niche market, sales of NFC juices account for less than five percent of total juice sales. However, there is strong potential for growth in this sector. Citrus (orange and grapefruit) account for the majority (60 to 80 percent) of NFC juice sales, however, juice blends are growing in popularity. NFC juices have a high quality image in Belgium and, at retail, sell for three to four times the price of juices made from concentrate.

Market Statistics

| | 1998 | 1999 | 2000 |
|-------------------------|---------|---------|---------|
| A. Total Market Size | | | |
| -in Metric tons- | 198,496 | 203,066 | 205,000 |
| Total Local Production | 105,000 | 125,000 | 125,000 |
| Total Exports | 519,844 | 505,863 | 505,000 |
| Total Imports | 613,340 | 583,929 | 585,000 |
| Total Imports from U.S. | 119,139 | 125,432 | 130,000 |

Data for 2000 included in this chart are estimates

Source of trade data: Belgian Office for Foreign Trade/National Bank of Belgium.

COMMENTS:

B. Market size is derived from trade data and production data.

Since official production figures are unavailable, the figures found below have been calculated by the office of Agricultural Affairs based on the average per capita consumption of all juices.

F. Mainly citrus juices

VI. TRADE REGULATIONS AND STANDARDS

TRADE BARRIERS

Belgium maintains an excellent and open trading climate for American companies, and government leaders at all levels are very supportive of free trade. However, that does not always translate into a commercial environment that is easy for an American company to understand or operate in. As a result, American companies do sometimes encounter trade problems. These problems often result from the Belgian penchant to compromise and avoid confrontation. They also 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 inaction. It can also lead to inconsistent legislation and implementation. Nevertheless, Belgium offers an excellent commercial environment for American companies.

EFFECTS OF THE SINGLE MARKET

Belgium is a member of the EU (European Union) 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 15 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 fifteen members. However, this effort might not be realized in the near future. Nevertheless, American companies should consider further developments in the process of opening up the EU markets as features that facilitate their access to the EU single market. Harmonized standards (to a certain extent), duties, VAT, etc., ease the process of doing business in a regional market.

On the other hand, American companies must also remember that the EU single market continues to consist of fifteen different and unique markets. For example, the single market does not eliminate 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 fifteen member states. This problem is compounded by the legal differences in the treatment of agents and distributors between the EU members.

Most American firms should therefore 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.

For an explanation of the European Union and its governing European Directives (laws) please refer to Section II: Economic Trends and Outlook, and the European Union Commercial Guide.

GOVERNMENT PROCUREMENT OF GOODS AND SERVICES

The EU has adopted several directives covering public supplies and public works. These include the sectors of energy, water, telecommunications, and transport (the so-called “utilities” or “excluded sectors” directive). However, Belgium’s implementation of these directives has been slow and incomplete. Belgian public procurement is still characterized by:

- Poor public notification and procedural enforcement;
- An unofficial “buy local” policy; and
- Lack of transparency throughout the procurement process.

In 1994, the government implemented a new law on government procurement to bring Belgian legislation into conformity with European Union directives. The revision has incorporated some of the onerous provisions of EU legislation, while improving certain aspects of government procurement at the various governmental levels in Belgium. The new law can only be evaluated over time and its benefits will be heavily influenced by the way it is interpreted and implemented in Belgium.

ECOTAXES AND ENVIRONMENTAL REGULATION

The Belgian government has passed a series of ecotaxes in order to redirect consumer buying patterns away from materials considered to be environmentally damaging materials. The “Green” parties won heavily in the 1999 elections, and have an increasingly strong influence over environmental regulations. Ecotaxes, in all likelihood, will raise costs for U.S. exporters, as they adapt to the phased-in implementation of these taxes. Environmental regulations in general are further complicated by the fact that various central government powers over the environment have been devolved to the three regions of Belgium. As a result, we are beginning to witness the inconsistent regulations over environmental standards among the regions.

CATTLE GROWTH HORMONE BAN

The EU bans imports of U.S. hormone-treated beef and all high-value products containing hormone-treated meat. This has led to the decrease in U.S. agricultural sales in member states of the EU, including in Belgium. The WTO’s Dispute Settlement Body determined in February 1998 that the hormone ban is not consistent with the EU’s obligations under international trade agreements.

CUSTOMS VALUATION

As a member of the EU, Belgium applies the EU common external tariff to goods imported from non-EU countries. For goods imported into Belgium from other EU countries, no customs duties apply unless the goods were imported from outside the EU and customs duties had not already been paid in another EU country. Import duties are based on the Cost Insurance Freight (CIF) price paid for the goods.

The EU is currently considering a change in its method of calculating the customs values of goods imported from other EU countries on why import duties had already been paid. Current EU customs valuation rules provide that, where there is a “chain of sales” leading to the importation of goods into the EU, the price paid in any of these sales can be used as the basis for establishing the customs value of the goods in question. The proposal under discussion would require that the customs value be based on the final sale price only. If adopted, many U.S. multinationals exporting to the EU through a “chain of sales” would find that EU customs officials assign their products a higher customs value than that of the first EU port of entry. U.S. companies should follow this

development carefully through their customs broker since its implementation would necessitate considerable adjustments in operations for major U.S. exporters to Europe.

Goods imported into Belgium or made in Belgium are subject to Value Added Tax (VAT). Value Added Tax is levied on the value that is added to the goods or services at each stage in the production and distribution process. This process works by having a tax levied at each point en route, as ownership passes from one person to another. At every stage, an 'output' tax is charged on the current sales value, but the 'input' tax which has been charged by those at an earlier stage of the game can be offset or recovered. Thus the tax liability at each stage is based on the difference between the value of the outputs and the value of the inputs (hence 'added value'.)

VAT is payable upon importation if Belgium is the destination of the goods being shipped into the EU. One of three rates will apply:

- 6 percent - daily necessities, food stuffs, etc;
- 12 percent - tobacco, fuel, etc.; and
- 21 percent - majority of commercial items

VAT it is applied after customs duties are added to the price of the goods.

IMPORT LICENSES

Many products may be imported or exported without any prior license, but certain listed products and products from certain countries are subject to an import license. An application for such a license must be made with the Office of Quotas and Licenses (OCCL/CDCV). Strategic goods are also subject to an import and/or quota license. A list of products subject to quotas or licenses can be obtained either from the office of the OCCL/CDCV, by contacting a Belgian customs broker directly, or via an American broker.

Ministry of Economic Affairs
Office of Quotas and Licenses (OCCL/CDCV)
Rue Général Leemans, 60
1040 Brussels, Belgium
Tel: +32/2 230-58-05
Fax: +32/2 230-83-22

EXPORT CONTROLS

Selling into Belgium

The Bureau of Export Administration (BXA) is responsible for the licensing of exports out of the United States. There is no longer a distinction between validated licenses and general licenses - either you need a license or you do not need a license (NLR - No License Required). An export license is required for reasons of national security, foreign policy, and short supply. Complete information on license requirements and forms can be accessed on the Bureau of Export Administration website, at <http://www.bxa.doc.gov>.

Selling out of Belgium

Belgian controls apply to the export and re-export of military (conventional weapons) and dual-use items, as well as materials for weapons of mass destruction. Belgian companies send all applications for export and re-export to the Office of Quotas and Licenses in the Ministry of Economic Affairs.

At that point, the process varies depending on whether the export is a conventional weapon/dual use item or a nuclear-related item.

If the item is a conventional weapon or dual use item, the Office of Quotas and Licenses will first determine whether, based on law and its experience, it will approve the item for export. If the Office makes an initial approval, it then sends the request for further approval to one of two federal ministers depending on the location of the Belgian company involved in the export. Once approved or disapproved by the respective ministry, the applications are returned to the Office for final disposition.

If the item is nuclear or nuclear-related, the application must be approved by the Minister of Economic Affairs, after consultation with and advice from the National Nonproliferation Board. The Board consists of representatives of five federal ministries, including Trade, Foreign Affairs, Health, Energy and Economic Affairs.

Import/Export Documentation

European Community Ministers agreed in 1991 to abolish virtually all customs documentation on goods moving between EU countries by January 1, 1993. However, countries outside the EU are still required to obtain proper customs documentation. The following is a summary of the documentation needed for U.S. exporters of goods to Belgium. However, such information can change overnight. U.S. exporters should always consult a reputable freight forwarder regarding recent changes in customs documentation and import/export regulations.

SHIPPING DOCUMENTS

The following are the documentary requirements American exporters must meet when shipping to Belgium: mail and parcel post shipments require postal documentation in place of bills of lading. Air cargo shipments require airway bills (in place of bills of lading) with the number of copies issued based on the requirements of the importer and the airline used. IATA and/or ICAO (plus all other applicable national and/or international) regulations governing labeling and packaging of dangerous and restricted goods should be followed. This also applies to the issuance of the special shipper's certificate required under IATA rules for such items (airlines will supply this form). ICAO rules may also require documents covering such shipments (airlines will supply information and forms if required). U.S. exporters must also follow U.S. government requirements regarding export control documents, including the shipper's export declaration.

Consular/Customs Invoice

Neither document is required in Belgium.

Commercial Invoice

The commercial invoice (in triplicate and with no requirements as to form), must contain the following: date and place of shipment; name/firm's name and address of seller and buyer; mode of transport; number, kind and markings of the packages and their numerical order; exact description of goods - a customary commercial description according to kind, quality, grade, weight (both gross and net, in metric units), etc., with special emphasis to be placed on any factors which increase or decrease the value of the goods; agreed price of goods - unit cost, total cost F.O.B. factory plus shipping, insurance and other charges; delivery and payment terms; country of origin of goods; and the signature of the exporting firm. It is useful if the commercial invoice contains the HTS code (Harmonized Tariff Schedule). This is not mandatory, but helps customs authorities to recognize the commodity and properly classify it for customs purposes. The first four digits of the eight-digit code

are harmonized worldwide. Additional information may be requested by the importer, under terms of a letter of credit, or due to the nature of a particular trade.

Pro-forma Invoice

A pro-forma invoice is acceptable in lieu of a commercial invoice. It should include a complete description and value of the goods shipped. It is mostly used in cases where no actual invoicing between the shipper and the consignee exists.

Bills of Lading

Generally, "To Order" bills are acceptable. Bills of lading should bear the name of the party to be notified. The consignee needs the original bill of lading to take possession of the goods. Express bills of lading are also acceptable. These Bills of Lading help speed up the process in cases where banking is not necessary. With an express bill of lading, goods are automatically transferred to the designated consignee without presentation of the original Bill of Lading. This is ideal for internal company shipments of goods sold on open account.

Packing List

This is not a mandatory document. However, including a packing list should facilitate customs clearance of goods.

Certificate of Origin

A certificate of origin is not, as a general rule, required under Belgian regulations for imports from the U.S. except when the certificate is specifically demanded in the import license. Sometimes certificates of origin are requested by the importer, bank, or required by a letter of credit clause. There are no regulations concerning the form and preparation of the certificate, but the data it contains has to be certified by a Chamber of Commerce, which will probably require an additional notarized file copy. Under EU regulations, certificates of origin may be required for certain goods, including goods subject to surveillance and/or quota requirements. Importers will instruct their suppliers when certificates of origin are required.

Insurance Certificate

Normal commercial practices pertain. Follow the instructions of the importer and the insurance company.

Steamship Company Certificate

There are no known requirements.

Import License

The vast majority of goods from the U.S. do not require an import license (as long as the importer is Belgian).

U.S. Shippers Export Declaration

This is required if the value of the shipment is more than \$2,500 (\$500 for shipments through the U.S. postal service) or where a validated license is needed. The \$2,500 exemption (\$500 for shipments through the U.S. postal service) applies to goods under each schedule B number in a single shipment from one exporter to one importer.

Consular Fees

There is no known general requirement to have documents legalized. If requested to legalize a shipping or legal document, Belgian officials will usually do so at no cost or for a nominal sum. Please verify the policy of the consular office used regarding this matter.

TEMPORARY ENTRY

Legislation exists that exempts goods brought into Belgium for re-export from import duties and Value Added Tax. Such goods must be kept in a bonded warehouse until they are re-exported. The shipment does not have to be re-exported in total. The portion of the shipment destined for the local or EU market is liable for duties and VAT at the time when the importation takes place. Additionally, goods may be sorted, repacked and re-labeled in bonded warehouses. Many customs clearing agents in the main ports and airports are able to provide these services in bonded warehouses.

For temporary entry of goods, Belgium accepts an ATA Carnet. An ATA Carnet is an international customs document that simplifies Customs procedures for the temporary importation of commercial samples, professional Equipment, and goods for exhibitions and fairs. The Carnet facilitates international business by avoiding extensive Customs procedures, eliminating payment of duties and value-added taxes (minimum of 20 percent in Europe) and eliminating the purchase of temporary import bonds. The document is valid for up to one year, and can be used for multiple shipments between the United States and Belgium. The United Council for International Business has been designated by the U.S. Treasury Department as the sole issuer and guarantor of ATA Carnets in the United States. For more information, visit the United States Council for International Business at www.uscib.org/carnet/carnet.htm or call (202) 371-1316.

LABELING, PACKAGING REQUIREMENTS

Until recently, each EU country regulated its domestic industries for packaging and labeling. As part of the EU's 1992 single internal market program, the EU is now attempting to remove technical barriers by harmonizing existing European legislation and establishing new rules, when necessary, so that goods sold in one EU country can be marketed easily in any other EU country. However, differences still exist from country to country. In addition, national requirements exist side by side with EU-wide requirements. The following is a review of packaging and labeling regulations in Belgium affecting U.S. exporters. The review covers both national and EU-wide aspects of packaging and labeling in Belgium.

What Language to Use

Probably the most common question regarding packaging and labeling in Belgium is "what language am I required to use?" Belgium recognizes three official languages: Dutch, French and German. The prevailing Belgian law simply requires that consumers of the targeted market must be able to read the product information. Typically, this has been Dutch in the northern half of Belgium (Flanders), French in the southern half of Belgium (Wallonia) and German in two small communities of German-speaking Belgians on the Belgian-German border. Generally, both Dutch and French appear on all products sold in the Belgian market and should be considered the most prudent option for all newcomers. The language requirement is enforced rather liberally. For example a judge in the Flemish city of Mechelen ruled in favor of a German company that resisted labeling its product in Dutch, as he deemed the local populace to be sufficiently well versed in German.

Labeling and Other Requirements

With only minor exceptions, there are no general labeling requirements on Belgian imports. Requirements for specific products should be obtained from the importer. Certain commodity imports, including numerous food items, are subject to special labeling regulations requiring that one show the manufacturer, composition, content (in metric units), and country of origin (e.g. Made in the U.S.A). These special detailed and diverse regulations largely relate to health and quality standards, and are embodied in formal Belgian legislation and in EU directives. At the retail level, labels and all other indications/instructions/safety warnings should be bilingual in French and Dutch. Given the complexity of this field, information should be requested from the importer prior to shipment.

Institut Belge de l'Emballage is a Belgian packaging institute with 273 members. The address of this non-profit organization is:

Rue Picard 15

1000 Brussels, Belgium

Tel: 32/2/427-2583

Fax: 32/2/425-9975

Contact: Ms. E. Van Looy, Information Service

PROHIBITED IMPORTS

Few products are prohibited from importation into Belgium. Among these limited items are endangered species, including those listed in the CITES convention. Also prohibited from importation are weapons such as sword-sticks, daggers, bludgeons, and rifles above 20 caliber and antipersonnel mines. American-raised beef treated with hormones also may not be imported under EU regulations. As the list of prohibited items is subject to change, please contact the American Embassy in Brussels for the latest information.

While the list of prohibited items is small, many products are subject to strict licensing and control. Belgian customs brokers or the American Embassy in Brussels can provide additional information.

Listed below are Belgian government offices that can provide information on specific restrictions and control measurements:

Products that are subject to import restrictions:

Ministry of Economic Affairs

Office of Licensing

Generaal Lemanstraat 60

1040 Etterbeek, Belgium

Tel: +32/2 206-58-11

Fax: +32/2 514-03-89

Agricultural products that are subject to an import certificate:

Belgian Bureau for Intervention and

Restitution

Trierstraat 82

1040 Brussels, Belgium

Tel: +32/2 287-24-11

Fax: +32/2 280 03-07

Regulation concerning the marketing of wine:

Ministry of Economic Affairs
Office Economic Inspections
WTC III - Simon Bolivarlaan 30
1000 Brussels, Belgium
Tel: +32/2 208-36-11
Fax: +32/2 208-39-15

Country of Origin Certificate for the import of textile products:

Ministry of Economic Affairs
Office of Economic Licensing
Generaal Lemanstraat 60
1040 Brussels, Belgium
Tel: +32/2 206-58-59
Fax: +32/2 206-57-71

Import of vegetable products:

Ministry of Agriculture and Small and Medium Enterprises
Phytosanitary Services
WTC III - Simon Bolivarlaan 30
1210 Brussels, Belgium
Tel: +32/2 208-32-11
Fax: +32/2 208-37-05

Wild animals and plants:

Ministry of Agriculture and Small and Medium Enterprises
Office of Animal Health and
Quality of Animal Products
WTC III - Simon Bolivarlaan 30
1210 Brussels, Belgium
Tel: +32/2 208-32-11
Fax: +32/2 208-36-12

Ministry of Agriculture and Small and Medium Enterprises

Phytosanitary Services
WTC III - Simon Bolivarlaan 30
1210 Brussels, Belgium
Tel: +32/2 208-32-11
Fax: +32/2 208-37-05

Animal food products:

Ministry of Health
Institute for Veterinary Inspection
Wetstraat 56
1040 Brussels, Belgium
Tel: +32/2 287-02-11
Fax: +32/2 287-02-01

Other food:

Ministry of Health
General Food Inspection

R.A.C. - Esplanadegebouw
Pachecolaan 19, bus 5
1010 Brussels, Belgium
Tel: +32/2 210-48-59
Fax: +32/2 210-48-79

Product safety:
Ministry of Economic Affairs
Office Quality and Safety
North Gate III, Building E.
E. Jaqmainlaan 154
1000 Brussels, Belgium
Tel: +32/2 206-41-11
Fax: +32/2 206-57-45

Live animals and other animal products:
Ministry of Agriculture and Small and Medium Enterprises
Office of Animal Health and Quality of Animal Products
WTC III - Simon Bolivarlaan 30
1210 Brussels, Belgium
Tel: +32/2 208-32-11
Fax: +32/2 208-36-12

Import of narcotics and psychotropic substances:
Ministry of Health
Drug Division
R.A.C. - Vesaliusgebouw, 340
Oratorienberg 20
1010 Brussels, Belgium
Tel: +32/2 210-49-24
Fax: +32/2 210-49-35

Waste products:
Ministry of Health
Risk Control
R.A.C. - Vesaliusgebouw, 2/3-04
Pachecolaan 19 - bus 5
1010 Brussels, Belgium
Tel: +32/2 210.48-59
Fax: +32/2 210.48-16

Weapons:
Ministry of Justice
Administration of Weapon Licensing
115, Boulevard de Waterloo
1000 Brussels, Belgium
Tel: +32/2 542-65-11
Fax: +32/2 542-70-34

Explosives:

Ministry of Economic Affairs
 Administration of Mining
 E. Jaqmainlaan 154
 1000 Brussels, Belgium
 Tel: +32/2 206-41-11
 Fax: +32/2 206-57-45

STANDARDS

The importance of ISO (International Standards Organization) 9000 in selling to Europe: Simply put, ISO 9000 (EN 29000 in Europe; ANSI/ASQC Q 90 System in the U.S.) defines the basic requirements for a manufacturing quality control system. It includes documentation, controls, and worker training. Its aim is to ensure that a manufacturer's product will remain the same regardless of when it is taken off the production line. In other words, ISO 9000 is designed to ensure a consistent level of product quality. ISO 9000 standards are unlike engineering standards, which contain units of measurement, test methods and specifications. Rather, ISO 9000 standards encompass certain generic management practices designed to benefit both the producer and end user.

In today's marketplace, quality is a competitive advantage. According to 1993 statistics, some 50,000 EU companies now have some form of ISO 9000 registration. While voluntary, European manufacturers are increasingly requesting that their suppliers be ISO 9000 registered. In addition, more and more European importers are making the same request of their European and American suppliers. Although the ISO 9000 simplifies matters, the registration process is not cheap and market demands for registration varies across product and service sectors. It is important to note that ISO 9000 registration does not guarantee quality since it is more concerned with product consistency than product quality. It also does not ensure that a U.S. product will meet the various standards incorporated into EU directives covering a host of products.

Product and technical standards:

There are a number of EU, and member-state, standards governing various product categories, as well as health and safety standards that encompass many product categories. When considering the Belgian and broader European market, a U.S. company needs to consider which voluntary product standards may apply to its products or services. An importer is one source for acquiring this information, at least in the initial inquiry stages.

Recycling, packaging and waste management:

Practically all member states of the EU have now taken legal steps to implement the EC Packaging Directive 96/62/EC of 1994. American companies should focus on three major implications of this Directive:

1. Different schemes of recycling and packaging: A kind of European standard, through the "collective scheme" has developed, in that industry and trade have set up joint ventures at the national level to finance and organize the recovery and recycling of packaging. Such schemes are Duales System Deutschland in Germany, Eco-Emballages in France, Alstoff Recycling Austria in Austria, FOST Plus in Belgium, Valorlux in Luxembourg, Ecoembalajes in Spain, Sociedade Ponto Verde in Portugal, REPA in Sweden, REPAK in Ireland, VALPAK in the U.K, and CONAI in Italy.

The collective systems are opened to U.S. companies. After opening the system to economic operators in general, the packaging directive (94/62) clearly says that these systems “shall also apply to imported products under non-discriminatory conditions, including the detailed arrangements and any tariff imposed for access to the systems, and shall be designed so as to avoid barriers to trade or distortions of competition in conformity with the Treaty.”

2. Labeling of recycling marks: it is not yet harmonized. The “green dot” trademark is either in use or will be introduced as a financing mark for the recovery and recycling of packaging, not only in Germany, but also in France, Austria, Belgium, Luxembourg, Spain, and Portugal. This idea was developed by Pro Europe, a joint organization founded by the European collective scheme.
3. The Regulation Review Process (1996): establishing marketing requirements, indicating recyclability and/or reusability for packaging. Particularly, art. 4 prohibits the application of other “symbols” than those set up in the Directive to indicate recyclable or reusable packaging. This will require some U.S. firms to create new molds solely for use in the European market.

For further information, please consult the European Union Commercial Guide 2000.

Electronic Waste:

The European Union has adopted draft proposals for legislation in the field of electronic waste. As with waste legislation in other areas, notably packaging, the impetus for the commission’s initiative has come from existing or proposed, Member State legislation. It appears that this will again be true in the electronic waste sector. Currently there are three drafts for the regulation of the disposal of electronic waste: 1) Batteries and Accumulators, 2) End of Life Vehicles, and 3) Waste from Electrical and Electronic Equipment (WEEE). The Battery directive is pending legislation by the Commission; the other two proposals were adopted in the spring of 2000. For further information please consult the European Union Commercial Guide 2000.

Eco-labels

The Commission of the European Union has published the first ecological criteria for the award of the eco-label for washing machines, dishwashers, paper towels, toilet paper and soil improving products, as well as other materials designed to help applicants, kitchen rolls, single-ended light bulbs, paints and varnishes. The eco-label scheme, which is voluntary, will apply to all products except food, drink and pharmaceuticals. Council regulation no. 880/92 on a community eco-label award scheme provides for the establishment of ecological criteria for specific product groups to enable verification of the reduced environmental impact of qualifying products, based on analysis of the life cycle for the product, from manufacturing (including choice of raw materials) through distribution, consumption, and use, to disposal after use. The regulations require member states to designate competent bodies to assess applications for the eco-label based on these criteria. Manufacturers or importers in the community may apply for an eco-label only to the competent body or bodies designated by the member state in which the product is manufactured or first marketed, or into which the product is imported from outside the EU.

While currently voluntary, eco-labels may prove to be important marketing tools to consumers, as well as a requirement demanded by EU importers and end-users of American products.

The CE Mark in the European Union

The CE (Conformite European) mark is a European proof of conformity with the essential health, safety, and environmental requirements of the harmonized EU product safety directives. The mark

indicates that the manufacturer has satisfied all the assessment procedures specified by law for its products. The CE Mark is not a quality mark and only signifies to surveillance authorities that the product is in compliance with the EU legislation. It is the accompanying declaration of conformity, which provides the details of the directive(s), to which the product complies and the standards that were relied upon in assuring compliance. The EU directives deal with large families of products or horizontal risks such as those addressed in the Electromagnetic Compatibility Directive. The following directives (with reference between brackets) have been adopted and are now enforced:

Low Voltage (73/23/EEC)
 Simple Pressure Vessels (87/404/EEC)
 Safety of Toys (88/378/EEC)
 Construction Products (89/106/EEC)
 Electromagnetic Compatibility (89/336/EEC)
 Machine Safety (98/37/EEC)
 Personal Protection Equipment (89/686/EEC)
 Non-automatic Weighing machines (90/384/EEC)
 Active Implantable Medical Devices (90/385/EEC)
 Gas Appliances (90/396/EEC)
 Telecommunications Terminal Equipment (98/13/EEC)
 New Hot-water Boilers (92/42/EEC)
 Explosives for Civil Uses (93/15/EEC)
 Medical Devices (93/42/EEC)
 Equipment for Explosive Atmospheres (94/9/EEC)
 Recreational Craft (94/25/EEC)
 In vitro Diagnostic Devices (98/79/EC)
 Lifts (95/16/EC)
 Refrigeration Appliances (96/57/EC)
 Pressure Equipment (97/23/EC)
 Radio and Telecommunications Terminal Equipment (99/5/EC)

Most of the directives above are amended by Directive 93/68/EEC entitled “Rules for the Affixing and Use of the CE Conformity Marking.”

For an explanation of the European Union and its governing European Directives (laws) please reference Section II Economic Trends and Outlook, and the European Union Commercial Guide.

Contact information

For more information on Belgian and EU-wide packaging and labeling laws and on standards, the following are key contacts in the United States and Belgium:

In the United States:

a. Office of European Union and Regional Affairs
 U.S. Dept. of Commerce
 Contact: Bob Straetz
 Tel: (202) 482-4104
 Fax: (202) 482-2897

b. National Institute of Standards and Certification
 Contacts: JoAnne Overman
 Tel: (301) 975-4037

Fax: (301) 926-1559

c. U.S. Trade Representative for Europe and the Mediterranean
USTR

Contact: Kathy Novelli
Tel: (202) 395-3320
Fax: (202) 395-3974

d. Director, Technical Trade Barriers
USTR

Contact: Suzanne Troje
Tel: (202) 395-3063
Fax: (202) 395-5674

e. Office of EU and Regional Affairs,
of the International Trade Administration
U.S. Dept. of Commerce

Contact: Kerry O'Conner
Tel: (202) 482-6008
Fax: (202) 482-2897

In Belgium:

f. U.S. Commercial Service
U.S. Embassy

Contact:
George Knowles, SCO
Angela Dawkins, Commercial Attaché
Tel: (322) 508-2425
Fax: (322) 512-6653

g. U.S. Commercial Service
U.S. Mission to the European Union
Contacts:

Charles Ford, SCO
Sylvia Mohr, Standards, CE marks
Steve Alley, Commercial Attaché
Tel: (322) 508-2674 or 2755
Fax: (322) 513-1228

h. Belgian Standards Institute
Avenue de la Brabançonne, 29
1000 Brussels

Contact: Mr. Voorhos, Director
Tel: +32/2 734-9205
Fax: +32/2 733-4264

Additional information is available electronically. The following is a list of useful Web sites:

European Union server home page:
<http://europa.eu.int>

New Approach Directives reference to harmonized standards:

<http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/index.html>

American National Standards Institute home page:

<http://www.ansi.org>

US Embassy Belgium website:

<http://www.us-embassy.be>

FREE TRADE ZONES/WAREHOUSES

While Belgium has no free trade zones, it does have bonded warehouses located near the main port of Antwerp and the national airport north of Brussels. In addition, with the authorization of the customs authorities, a U.S. 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 harbors or airports. These private bonded warehouses can be part of a company's manufacturing or distribution sites. 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.

SPECIAL IMPORT PROVISIONS

Following intensive lobbying from the major plastics, packaging and distribution companies, as well as from trade unions and some consumer groups, the government backed down from applying further eco-tax legislation in 1995. The proposed legislation could have had a powerful impact on production and distribution costs and labor levels. The only eco-taxes currently in force apply to disposable cameras, batteries, industrial packaging, beverage packaging, and pesticides. The federal government is currently negotiating with the three Regions and the concerned trade federations a revision to the ecotax legislation, which will be enforced by late 2000.

In 1995, fifty-three companies created FOST PLUS, a non-profit organization designed to address the problem of reducing all forms of packaging waste. FOST PLUS is a not-for-profit organization with 700 members from the distribution and manufacturing sectors. Its purpose is to assist in the enforcement of EU Directive 94/62 on recycling packaging, which, in turn, provides its members a means for avoiding ecotaxes. FOST PLUS gives companies the option to recycle packaging themselves or adhere to FOST PLUS as a substitute. In the case of beverage containers, the alternative for non-recycling is an ecotax of BF 15 (50 cents per bottle or can). As a result, all Belgian beverage manufacturers now adhere to FOST PLUS.

The members of FOST PLUS include producers and importers of packaging, packaging materials and packaged products, distribution companies, and federations. It has the task of coordinating the selective collection and sorting of domestic packaging waste in the three regions of Belgium. The aim is to extract value from the waste by recycling it, making use of it to produce other materials or disposing of it in various energy recovery methods. In addition to FOST PLUS, another organization had been established for the purpose of industrial waste reclamation. VAL-I-PAC was established in early 1998, and like FOST PLUS, VAL-I-PAC is responsible for the collection and valorization of industrial packaging waste.

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Membership in Free Trade Arrangements

Incorporated into the charter of the European Union is a law modeled on its U.S. counterpart. Basically, any specific legislation not ratified by the EU will be left to the member countries to implement as they see fit. While recent EU legislation does not conflict with what is being brought into law in Belgium, it is important to be aware of impending EU regulations as they may override local Belgian laws.

INVESTMENT CLIMATE

INTRODUCTION

Belgium has a number of location-related factors that have been at the basis of its attractiveness for foreign investors. The country has enjoyed competitive advantages such as excellent transport infrastructure, a geographic position as center of the European Union, high-quality industrial sites, and a skilled and productive workforce. Belgium is not only the political center of Europe, but is a commercial center as well. It is home to some twelve hundred U.S. companies. Geographically, Brussels lies within a 600-kilometer radius of 70 percent of the European union; Belgium therefore provides an excellent base for reaching the increasingly integrated European market.

OPENNESS TO FOREIGN INVESTMENT

Belgium has traditionally maintained an open economy, highly dependent on imports and international trade for its well being. Since World War II, foreign investment has played a vital part in the Belgian economy, providing much 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.

TAKEOVER LEGISLATION

Belgium, like the United States, has a takeover law which 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 (Belgium's equivalent of the U.S. Securities and Exchange Commission). For each additional ownership increment of five percentage points, further disclosures are required. In exchange for this enhanced protection against 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 European Union (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. In 1997, the Federal government introduced legislation regarding "corporate governance." This legislation aims to provide some autonomy to corporate boards of companies whose controlling shareholder is itself taken over by a foreign firm which is a competitor. However, in the June 1998 case of the hostile takeover bid by ABN AMRO bank of the Belgian Generale de Banque, the Commission For Banking and Finance was characterized by the Belgian Financial Belgian Press as not being impartial, with principles of corporate governance having been set aside in favor of certain controlling shareholders. Likewise, the 1999 takeover of the Belgian energy group Tractebel by the French Suez group has effectively not been influenced by this law.

SCREENING

Belgium has no foreign investment screening mechanism, although the government, as majority shareholder, controls investment in public-sector firms. In early 2000, however, the European Commission urged the Belgian government to do away with the 'golden share principle' in the public utility gas company Distrigas. The GOB could thereby prevent a foreign takeover of Distrigas by any group it did not like through controlling one share that decided on majority ownership. Other investment restrictions that do exist, such as the law requiring local approval for large-scale retail outlets, do not discriminate between Belgian and non-Belgian firms. However, several American franchise companies have been frustrated in their investment plans in Belgium because of this law.

NATIONAL TREATMENT

Belgium generally provides national treatment to foreign investors. However, the establishment of an insurance company or travel agency is subject to reciprocity. A few sectors require majority Belgian (or EU) ownership: aviation, inland shipping, and the ownership of Belgian-registered ships. Public works (when at least 25 percent of the cost is paid by Belgian public authorities) are restricted to Belgian and EU firms. Private or public monopolies exist in the following sectors: postal services, the national railways, airport operation, and local public transport.

PRIVATIZATION

In 1998, the federal government raised approximately BF 50 billion (\$1.4 billion) from the sale of public sector assets, against BF 35 billion (\$1 billion) in 1997. While there were no further privatizations in 1999, this year the GOB already sold its remaining shares of the former national airline carrier Sabena to Swissair and is planning a further privatization of Belgacom, the former telecom monopolist. Both in the preparatory and in the final stages of privatization operations, foreign investors have been allowed to participate. In the telecommunications sector, however, U.S. companies complain about interconnect rates that favor the former government-owned monopoly and lack of independence of the regulator.

CONVERSION AND TRANSFER POLICIES

Payments and transfers within the Belgian-Luxembourg Economic Union (BLEU) and with foreign countries require no prior authorization. Transactions may be executed in Belgian or Luxembourg francs as well as in other currencies.

The Belgian franc is fully convertible, with no restrictions on either inward or outward current and capital account transactions. On May 1, 1998, Belgium became one of the 11 EU member states that agreed to form a de facto currency union (European Monetary Union) with a single currency, the Euro. On January 1, 1999, exchange rates were irrevocably fixed among Euro zone currencies, with 1 Euro equal to BF 40.3399. Gradually, all transactions will be transformed into Euro-denominated operations, a process that will be completed by January 1, 2002. Euro coins and bank notes will be introduced in early 2002. The Belgian government will seek to limit the period during which both Euros and Belgian francs will be in circulation jointly to a maximum of 3 months.

Belgium has no debt-to-equity requirements. Dividends may be remitted freely, except in cases in which distribution would reduce net assets to less than paid-up capital. No further withholding tax or other tax is due on repatriation of the original investment or of the profits of a branch, either during its operations or upon the closing thereof.

EXPROPRIATION AND COMPENSATION

There are no outstanding expropriation or nationalization cases in Belgium with U.S. investors. There is no pattern of discrimination against foreign investment in Belgium.

When the Belgian government does use its eminent domain powers to compulsorily acquire property for a public purpose, adequate compensation is paid to the property owners. Recourse to the courts is available if necessary. The only expropriations that occurred during the last decade were related to infrastructure projects such as port expansion, roads, and railroads. In the future, expropriations to make place for nuclear waste storage are also expected, but the sites will not be near areas of existing economic activity.

DISPUTE SETTLEMENT

Belgium's legal system is independent of the government and is an effective means for resolving commercial disputes or protecting property rights. As in many countries, the Belgian courts labor under a growing caseload. Backlogs in the Belgian court system seem to make delays almost inevitable. There are several levels of appeal.

Bankruptcy in Belgium is covered by a law of 1851 and is under the supervision of the commercial courts. Bankruptcy applies only to businesses, not to individuals, and may be initiated by a creditor or the company. The commercial court appoints both a judge-auditor to preside over the bankruptcy proceeding and a receiver responsible for realizing the available assets to pay creditors. Belgian bankruptcy law recognizes several classes of preferred or secured creditors. Judgments in commercial cases, including bankruptcy cases, are generally made in Belgian currency. Belgium has a system under which firms in difficulty can restructure their debts through agreement with their creditors. This system is in some respects similar to Chapter 11 in the U.S.

The government accepts binding international arbitration of disputes between foreign investors and the state; the most recent example being the international arbitration between the Belgian government and Sonatrach, the Algerian gas company.

Belgium is a member of the International Center for the Settlement of Investment Disputes (ICSID) and regularly includes provision for ICSID arbitration in investment agreements.

PERFORMANCE REQUIREMENTS AND INCENTIVES

Since the law of August 1980 on regional devolution in Belgium, investment incentives are the responsibility of Belgium's three regions: Brussels, Flanders, and Wallonia. Most tax measures are designed to attract new investment, however, remain under the control of the federal government. In general, all incentives, regional or national, are available to foreign and domestic investors alike. Belgian investment incentive programs at all levels of government are limited by EU regulations and thus are kept in line with those of the other EU member states. The European Commission has tended to discourage investment incentives, in the belief that they distort the single market, impair structural change, and threaten EU convergence and social and economic cohesion. Belgium has historically been ranked near the top of the EU in industrial subsidies, including investment incentives.

In their investment policies, the regions have put new emphasis on meeting general objectives such as promoting innovation, research and development, energy saving, environmental cleanliness, exports, and most of all, employment. In order to provide coordinated service to foreign investors, the Belgian government established a Federal Agency for Foreign Investors (FAFI) in 1996 at the Ministry of Economic Affairs. This agency is very controversial with the regions, however, who have their own investment agencies (the Flanders foreign investment office and the office for foreign investments in Wallonia) and prefer that FAFI keep a low profile. In addition, the Finance Ministry has established a foreign investment tax unit to provide assistance to foreign investors in dealing with Belgian tax laws and to make the tax administration more "user friendly" for foreign investors.

Performance requirements in Belgium usually relate to the number of jobs created. There are no known cases where export targets or local purchase requirements were imposed. The government may reclaim incentives if the investor fails to meet his employment commitments. Enforcement, however, is rare. In one case, the Flemish Administration sued an American firm to recover incentives after the firm was forced by environmental regulations to close its plant.

Notwithstanding the devolution of investment subsidies to the three regions, the federal government still controls tax policy, including special tax deductions for certain types of investment: development zones, new venture capital companies, coordination centers, distribution centers, and, most recently, service centers.

COORDINATION CENTERS

Coordination centers serve companies of an international group and can perform various financial and other services such as financing, leasing, netting, re-invoicing and factoring, as well as administrative and support services. A center consists of affiliated companies maintaining at least a 20 percent direct or indirect participation in one or more other companies under common agreement. Coordination centers are granted special tax status for a period of 10 years. They can be established as branches of foreign companies or as Belgian stockholding companies and can be located anywhere in Belgium. During the 10-year period, recognized coordination centers are taxed on national income calculated as between 8 and 12 percent of a center's incurred expenses. Salary costs and financing expenses are disregarded when determining the amount of expenses to which the

percentage is applied. Coordination centers are also exempt from real estate taxes, withholding taxes on dividends, withholding taxes on interest, and registration taxes. Foreign employees of a recognized coordination center do not need a work permit or professional card in Belgium. There is one employment condition, however: the center should employ in Belgium at least ten employees within two years from the beginning of its activities. There are almost 400 recognized coordination centers in Belgium, many of them American-owned.

DEVELOPMENT ZONES

High-tech investments in depressed areas of the country are eligible for a 10-year tax holiday and certain exemptions concerning the personal income taxation of their foreign executives. High-technology investment is specifically defined to include advanced data processing, software technology, micro-electronics including opto-electronics, office automation, robotics, telecommunications, and bio-engineering. An enterprise qualifying under this scheme must employ between 20 and 200 people and have its entire operation within the development zone. Furthermore, for a maximum of three tax years and for certain assets, companies can be authorized to apply a depreciation rate that is twice the straight-line depreciation.

DISTRIBUTION CENTERS

Belgian tax authorities have also established a special tax regime applicable to Belgian distribution centers of foreign multinational enterprises that meet certain conditions. Recognized Belgian distribution centers pay taxes on a fixed percentage (five percent) of their operating costs. The newly established distribution center may operate as a branch of a foreign company or a Belgian subsidiary. No specific rules apply to minimum employment or turnover, in contrast with such rules for coordination centers. Qualifying distribution centers can realize significant tax savings.

SERVICE CENTERS

New tax incentives, similar to those for distribution centers, were approved for service centers by the Belgian parliament in July 1996. The Belgian government issued a tax circular designed to extend the scope of the existing incentives to intra-group service centers, including call centers, which are perceived as a major source of recent foreign investment. To qualify for the advantages of the new service center status, a number of conditions under the "corporate structure," the "intra-group condition" and the "authorized activities" must be met. Qualifying service centers must be established as Belgian resident companies. The definition of service centers only includes intra-group service centers. Interested parties will be able to obtain a tax ruling on transfer pricing for a five-year renewable period before the establishment of the service center. With respect to authorized activities, the center must be a purely operational, non-decision-making entity. Its role must be that of a mere "interface" between customers of the company and the companies of the group, or between companies of the group themselves. Any operation which, by nature, would tend to increase the turnover of companies in the group is automatically excluded.

GENERAL TAX MEASURES

A company may deduct from its taxable income a certain percentage of the amounts invested in new fixed assets used for business purposes in Belgium. The investment deductions only exist for R&D or energy-saving investments and for investments made by small and medium-sized enterprises. The percentage varies between 3 and 3.5 percent of all investments made. Furthermore, all companies are granted tax relief of BF 400,000 for each additional person employed in Belgium in

scientific research, the development of technological potential, responsible for exports or for quality management. The Belgian Employers' Federation and the American Chamber of Commerce have cited the level of taxation as a major concern to business. The AMCham has proposed a reduction of the corporate rate of income tax to 35 percent, a limit on the personal marginal tax rate of 50 percent, and the abolition of a 3 percent crisis tax. In June 2000, the federal government pledged to abolish the crisis tax within two years.

NON-TARIFF BARRIERS

In Belgium, there are significant delays in providing market authorization and approval of pricing and reimbursement for new pharmaceutical products. These delays exceed the regulation period allowed under the relevant EU directive. U.S. companies are disproportionately affected by the procedural delays since they are among the most active in developing and bringing to market innovative new products. Recent advocacy efforts by the U.S. Embassy and industry pharmaceutical trade associations, which include American companies, have resulted in initiating a dialogue between U.S. Industry and the Belgian Industries that we would hope will lead to a reduction in delays.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Both domestic and foreign private entities have the right to establish business enterprises. This right is well established in Belgium's constitution and in law. The right to acquire or sell interests in business enterprises is similarly protected by law.

No restrictions in Belgium apply specifically to foreign investors. Foreign interests may enter into joint ventures and partnerships on the same basis as domestic parties, except for certain professions such as doctors, lawyers, accountants and architects. All investors, Belgian or foreign, must obtain special permission to open department stores, provide transportation services, produce and sell certain food items, cut and polish diamonds, or sell firearms and ammunition.

There is competitive equality between public and private enterprises with respect to market access, credit and other business operations such as licenses and supplies.

Protection of Property Rights:

Property rights in Belgium are well protected in law. The courts are independent and effective in enforcing property rights. Belgium generally meets very high standards in the protection of intellectual property rights. Rights granted under American patent, trademark, or copyright law can be enforced in the United States, its territories and possessions only. The EU, for its part, has taken a number of initiatives to provide intellectual property protection, but not all measures have been implemented. In cases of non-implementation, national laws still prevail.

Patents:

Belgium is a member of the World Intellectual Property Organization (WIPO) and the European Patent Convention (EPC). Under Belgian law, national authorities automatically grant a patent for a period of six years upon application. Applicants desiring protection for twenty years must request a novelty and non-obviousness search together with their application. However, the Belgian Patent Office cannot refuse to issue a patent. A single European patent, valid throughout the EU, does not yet exist since the community patent convention has not yet come into force. In the meantime, the patent applicant can choose between a national and a multiple-country patent. In the latter case, a single application to the European Patent Office in Munich is required for obtaining patents valid in

a number of countries within the EU, as well as Liechtenstein, Monaco and Switzerland. A patent thus granted will not be valid in Belgium unless a copy of the grant in one of Belgium's three official languages is filed with the Belgian Office of Industrial Property described below.

Trademarks:

An EU Trademark Office has been established in Alicante, Spain. Applications for EU trademarks should be directed to this office. Trademarks in Belgium are regulated by the Uniform Benelux Law of 1962, which offers protection in Belgium, the Netherlands and Luxembourg. An application for a trademark can be filed either with the Belgian National Office in the Ministry of Economic Affairs or with the Benelux Trademark Bureau located in The Netherlands (Bankstraat 51, The Hague). A search is required to ascertain the existence of a similar trademark for the same category of product. If granted, protection lasts for ten years from the date of application and can be renewed for further periods of ten years. Trademarks must generally be used within three years of registration.

Trademark Exhaustion:

An EU directive regarding trademarks applies the principle of community exhaustion, under which parallel imports into the European community are prohibited without the approval of the trademark holder or his authorized distributor. Belgium and its Benelux partners previously applied the principle of universal exhaustion under which parallel imports were allowed. A few cases have reached the Belgian commercial courts, which have returned divergent opinions as to whether Community exhaustion has replaced universal exhaustion in Belgium.

Copyrights:

Belgium is a member of the Bern Convention and the Universal Copyright Convention of Geneva (UCC). As a member of the UCC, to which the United States and 50 other countries belong, Belgium accords automatic copyright protection to works produced in other UCC countries. Protection exists for the life of the author, plus 70 years after death. In addition, Belgium has passed a revised copyright law in 1994 that brings Belgian practice into conformity with existing EU directives. EU directives, however, permit some variation among member states, and U.S. firms wishing to protect their copyrights in Belgium should consult local legal counsel. Neither the U.S. nor Belgium are parties to the Rome Convention. National treatment of foreign rightholders is a basic principle, defined in the 1994 Belgian copyright law. However, if Belgian rightholders benefit from less generous protection in a foreign country, the principle of reciprocity applies to the citizens of that country. This is the case for the U.S., which does not grant protection of neighboring rights to Belgian artists or performers, nor to Belgian producers of records and movies. As a consequence, U.S. citizens in Belgium are subject to the same restrictions. According to the Business Software Alliance (BSA), about 32 percent of all software circulating in Belgium is used in violation of copyright laws; this is about average for the EU.

Designs:

Applications for the registration of a design are filed with the Benelux Office for Designs and Models or with the Ministry of Economic Affairs. The inherent validity of the design or model is not examined. This will only be decided by a court in the event of a dispute. Protection is granted for five years and is renewable twice.

TRIPS:

Belgium has fully implemented the WTO (World Trade Organization) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

TRANSPARENCY OF THE REGULATORY SYSTEM

The Belgian Government has adopted a generally transparent policy and effective laws to 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 such as one for safety, and another one regarding trade union interests, have to be set up.

Furthermore, the Federal Government, recognizing there was a need to streamline administrative procedures in many areas, in 1998 set up a special task force to simplify official procedures. It also agreed to reorganize the numerous new laws regarding the telecommunications sector into one comprehensive volume after new entrants in this sector had complained about a lack of transparency. The Belgian Employers' Federation estimates the extra costs related to the latter at BF 5 billion per year. The American Chamber of Commerce has called attention to the adverse impact of cumbersome procedures and unnecessary red tape on foreign investors, although Foreign companies do not necessarily suffer more from this than Belgian firms.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Belgium has in place policies to facilitate the free flow of financial resources. Credit is allocated at market rates and is sufficiently available to foreign and domestic investors without discrimination. Belgium is fully served by the international banking community and is implementing all relevant EU financial directives.

Because the Belgian economy is directed towards international trade, more than half of its banking activities involve foreign countries. Belgium's major banks are represented in the financial and commercial centers of dozens of countries by subsidiaries, branch offices and representative offices. There are 70 banks in Belgium, including 18 branches of foreign banks. Belgium is one of the most heavily banked countries in the world. Mergers and acquisitions have been a prominent feature in the Belgian banking sector throughout the nineties. Belgium's three largest banks have combined assets of \$398 billion. The total assets of the banking system are approximately \$594 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. By the end of 2000, the Brussels stock market will merge 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 those for a public issue of shares. The company's capital must be entirely paid up, and existing shareholders must be given preferential subscription rights.

Belgium is also home to the European Association of Securities Dealers Automated Quotation Exchange (EASDAQ), opened in 1996. Patterned after the American NASDAQ electronic exchange, EASDAQ is designed as a market for young, dynamic, fast growing European companies with international ambitions. As of mid-2000, EASDAQ had attracted 63 listings.

Inward portfolio investment is not impeded by any regulation or laws. Bonds exist in both bearer and registered form. The shares of Belgian listed companies may be bought and sold freely by foreign investors through the Brussels Stock Exchange (BSE) or through other European exchanges (notably London) which make a market in Belgian shares.

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

POLITICAL VIOLENCE

There have been nine incidents of politically motivated damage to fast food chains (Belgian and others) in Belgium in the last four years. The perpetrators claimed to act on behalf of the Animal Liberation Front (ALF).

CORRUPTION

On March 23, 1999, new anti-bribery legislation came into force in Belgium. The new law represents a complete revision of Belgian criminal law in the field of corruption, also extending the competence of Belgian courts to extraterritorial bribery. Henceforth, bribing international officials is a criminal offense in Belgium, even if done abroad. In the law, the definition of corruption is extended considerably. In the future, it will count as passive bribery if a government official or employer requests or accepts a benefit for himself or somebody else in exchange for behaving in a certain way. Active bribery is defined as the proposal of a promise or benefit in exchange for behaving in a certain way. In the past, anti-corruption law did not cover attempts at passive bribery. The most controversial innovation is the introduction of the concept of 'private corruption', i.e. corruption among private individuals. Corruption by public officials carries heavy fines and/or imprisonment between 5 and 10 years. Private individuals face similar fines and slightly shorter prison terms (between six months and 2 years). The new law is fully consistent with the EU convention criminalizing corruption within the EU territory signed in May 1997 and the OECD Anti-Bribery Convention of December 1997. The new law not only holds individuals accountable, but also the company they are working for. Contrary to earlier legislation, payment of bribes to secure or maintain public procurement or administrative authorization through bribery in foreign countries is no longer tax deductible. Recent court cases in Belgium suggest that corruption is most serious in government procurement, defense contracting, and public works contracting. American companies have not, however, identified corruption as a barrier to investment.

The responsibility for enforcing corruption laws is shared by the Ministry of Justice through investigating magistrates of the courts and the Ministry of the Interior through the Gendarmerie, which has jurisdiction in all criminal cases. A special unit, the Central Service for Combating Corruption, has been created for enforcement purposes, but still lacks the necessary staff.

In a recent corruption case, eight persons were convicted, including a former Defense Minister. The court found that the Minister's immediate staff (called the cabinet in Belgium) had ordered surveys and research projects from a research institute. The institute refunded part of its fees to the

Minister's staff, which used the money to pay the salaries of certain ministerial aides and for campaign funds. The former Minister was given a suspended two-year prison sentence, a BF 200,000 fine, and a five-year suspension of his civil and political rights.

The Court of Cassation (Belgium's highest court) has conducted an investigation into corruption cases regarding the 1988 Agusta helicopter contract and contracts won by the French Dassault enterprise in 1988 for the update of Mirage fighters and for supplying electronic counter measures (ECM) equipment for Belgium's F-16 fighters. The investigation resulted in the conviction of ten high-ranking Belgian officials, the highest one being the former Secretary General of NATO.

Criminality continues to be on the rise in Belgium: in 1998 (the last year for which official statistics are available), 143,047 burglaries (an increase by 5.7 percent over 1997) were reported, as well as 38,371 car thefts (up 3.4 percent), 17,901 shoplifting cases (up 12.1 percent), 54,605 muggings (up 1.6 percent) and 816 hold-ups (down 3.6 percent). Although most of the above-mentioned crimes were non-violent, this trend has been a serious cause of concern to the Belgian authorities. Many American companies are factoring in the crime rate in their assessments to invest in Belgium.

BILATERAL INVESTMENT AGREEMENTS

Belgium has bilateral investment treaties in force with Tunisia, Morocco, Indonesia, the Republic of Korea, Congo, Egypt, Romania, Singapore, Malaysia, Cameroon, Bangladesh, Sri Lanka, Rwanda, China, Hungary, Turkey, Malta, Poland, Bulgaria, Russia, Burundi, the Czech republic, the Slovak Republic, Argentina, Vietnam, Cyprus, Uruguay, Chili, and Latvia. Additionally, Belgium and Luxembourg have jointly signed (as the BLEU) as-yet-unimplemented agreements with Cuba, Bulgaria, Liberia, Mauritania, and Thailand. Belgium and Luxembourg also have joint investment treaties with Poland and Russia, but these are not BLEU agreements. All these agreements provide for mutual protection of investments.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

Belgium, as a developed country, does not qualify for OPIC programs. Apparently no investment insurance programs for Belgium are operated by other countries.

LABOR

The Belgian labor force is well trained, highly motivated and very productive. Workers have an excellent command of foreign languages, particularly in Flanders and the Brussels region. There is a low unemployment rate among skilled workers, such as local managers. Employers may hire Belgian or EU nationals. Non-EU nationals must first apply for work permits. Minimum wages vary according to the age and responsibility level of the employee and are cost-of-living adjusted.

Belgian workers are highly unionized (63 percent of the work force), and usually enjoy good salaries and benefits. According to a recent study, Belgian wage and social contributions, together with those in Germany, are among the highest in Western Europe. In recent years the unemployment rate as measured according to the EU's definition has gone down slowly (in June 2000 it was 8.4 percent, one percent below the EU average). High wage levels and pockets of high unemployment coexist because most of Belgium's long-term unemployed are virtually unemployable without major retraining -- their overall educational level is significantly lower than that of the general population. As a consequence of the high wage costs, over the years, employers have tended to invest more in

capital than in labor. At the same time, a shortage exists for workers with training in computer hardware and software, automation and marketing. The resulting bottlenecks cause wage pressures.

Belgium's comprehensive social security package is composed of five major elements: family allowance, unemployment insurance, retirement, medical benefits and a sick leave program which guarantees salary in event of illness. Currently, average employer payments to the social security system stand at 35 percent of salary, while employee contributions comprise 13 percent. In addition, many private companies offer supplemental programs for medical benefits and retirement.

Belgian labor unions, while maintaining a national superstructure, are, in effect, divided along linguistic lines. The two main confederations, the Confederation of Christian Unions and the General Labor Federation of Belgium, maintain close relationships with the Christian Democratic and Socialist political parties, respectively. They exert a strong influence in the country -- politically and socially. A national bargaining process covers inter-professional agreements that the trade union confederations negotiate biennially with the government and the employers' associations. In addition to these negotiations, bargaining on wages and working conditions takes place in the various industrial sectors and at the plant level.

Foreign firms, which generally pay well, usually enjoy harmonious labor relations. Nonetheless, problems can occur, particularly in connection with the shutting down or restructuring of operations. Many strikes are one-day symbolic actions, but longer industrial actions have occurred.

Firing a Belgian employee can be very expensive. An employee may be dismissed immediately for cause, such as embezzlement or other illegal activity; but when a reduction in force occurs, the procedure is far more complicated. For white-collar workers, the minimum standard is three months' notice or severance pay, or a combination of the two, for each five-year period or fraction thereof the employee has worked for the company. In the case of blue-collar workers, the minimum is four weeks' notice or the wage equivalent. Belgium is a strict adherent to ILO labor conventions.

In those instances where the employer and employee cannot agree on the amount of severance pay or indemnity, the case is referred to the courts for a decision. To avoid these complications, some firms consider providing for a "trial period" (of up to one year) in any employer-employee contract.

Belgium was one of the first countries in the EU to harmonize its legislation with the EU Works Council Directive of December 1994. Its flexible approach to the consultation and information requirements specified in the directive is more advantageous to foreign companies than that of other EU member states.

FOREIGN TRADE ZONES/FREE PORTS

There are no foreign trade zones or Free Ports as such in Belgium. However, the country utilizes the concept of customs warehouse. A customs warehouse is a warehouse approved by the customs authorities, where imported goods may be stored without payment of customs duties and VAT. Only non-European Union goods can be placed under a customs warehouse regime. In principle, non-EU goods of any kind may be admitted regardless of their nature, quantity, country of origin or destination.

Individuals and companies wishing to operate a customs warehouse must be established in the EU and obtain authorization from the customs authorities. Authorization may be obtained by filing a written request and by demonstrating an economic need for the warehouse.

FOREIGN DIRECT INVESTMENT STATISTICS

TABLE I
Belgian Direct Investment Position In the U.S.
1994 - 1997 (Millions of Dollars)

| | 1994 | 1995 | 1996 | 1997 |
|---------------|-------|-------|-------|-------|
| PETROLEUM | NA | NA | NA | 1265 |
| MANUFACTURING | 2,293 | 2,828 | 2,219 | 2,690 |
| WHOLESALE | 322 | 356 | 482 | 812 |
| RETAIL TRADE | 683 | 730 | 806 | 882 |
| BANKING | NA | NA | NA | NA |
| FINANCE | NA | 77 | NA | NA |
| INSURANCE | NA | NA | NA | NA |
| REAL ESTATE | 60 | 58 | 57 | 56 |
| SERVICES | 44 | 13 | 129 | 122 |
| OTHER | 190 | 329 | 423 | 433 |
| TOTAL | 4,331 | 4,397 | 4,838 | 6,771 |

SOURCE: United States Department of Commerce, Survey of Current Business, September 1998

TABLE II
U.S. DIRECT INVESTMENT POSITION IN BELGIUM
1995 - 1998 (Millions of Dollars)

| | 1995 | 1996 | 1997 | 1998 |
|---------------|-------|-------|-------|-------|
| PETROLEUM | 155 | 224 | 237 | 152 |
| MANUFACTURING | 9,026 | 8,251 | 8,788 | 8,969 |
| WHOLESALE | 2,168 | 2,221 | 2,102 | 2,716 |
| BANKING | NA | 280 | 252 | 321 |

| | | | | |
|----------|--------|--------|--------|--------|
| FINANCE | 5,121 | 4,814 | 4,066 | 5,262 |
| SERVICES | 1,934 | 1,329 | 1,364 | 1,684 |
| OTHER | NA | 865 | 594 | 188 |
| TOTAL | 18,706 | 17,984 | 17,403 | 18,920 |

SOURCE: United States Department of Commerce, Survey of Current Business, September 1999

TABLE III
FOREIGN DIRECT INVESTMENT IN THE BLEU
(Billions of BF)
1989-1998

Total foreign direct investments: 2,470 (68.1 billion U.S. dollars)

Total U.S. investments 1989-1998: 271 (7.5 billion U.S. dollars)

Principal sources of foreign investment in Belgium 1989-1998:

| | |
|--------------|--------------|
| Netherlands: | 21.9 percent |
| Germany: | 17.1 percent |
| France: | 16.0 percent |
| U.S.: | 11.0 percent |

Source: National Bank of Belgium - Direct Investment Flows in the BLEU (Belgian-Luxembourg Economic Union) – 1998

VIII. TRADE AND PROJECT FINANCING

BRIEF DESCRIPTION OF BANKING SYSTEM

The National Bank issues the Belgian currency, acts as a state banker and intervenes as lender of last resort in credit operations. The mainspring of its monetary policy is the management of interest rates on three-month treasury bills. The Banking Commission's role includes the supervision of private institutions such as deposit banks, savings banks, finance companies, holding companies and mutual funds. However the public credit institutions fall under the authority of the Minister of Finance.

Using the banks' external assets as a yardstick, the Belgian banking sector is the fourth largest in Europe and the seventh largest globally. Belgian banks are very active in the Eurocurrency sector, as are numerous foreign banks established in Belgium, which have made such operations their principal activity.

There are three main trading banks in Belgium: the Fortis Bank (previously the General Bank), Brussels Bank Lambert and KBC (formerly the Kredietbank). Each one has a well-developed correspondent bank network in the U.S., as well as a local representative office in at least one major U.S. city. Due to few restrictions, easy tele-electronic communications, and widespread use of English, banking relationships with the U.S., as well as other countries, are smooth.

THE EURO

Belgium, along with ten other countries, participates in the European common currency. The implementation of this new currency, the Euro, is expected to benefit American corporations by providing a common currency without exchange fluctuations among the eleven members.

On January 1, 1999, the Euro was officially introduced to the market. Irrevocable conversion rates between the Euro and eleven participating currencies within the EMU were set on December 31, 1998. The eleven countries that are included in Euroland are Belgium, Austria, Spain, Ireland, France, Italy, the Netherlands, Portugal, Germany, Luxembourg, and Finland. The fixed rate between the Euro and one Belgian Franc is 40.3399. These rates are always given in six digits and are the only official rates that exist for the member currencies. Therefore, the conversion of one national currency into another must always be carried out via the Euro.

On the day of the Euro's introduction, one Euro was equivalent to \$1.1789. On the financial markets, the Euro is quoted per unit against currencies that do not belong to the currency union such as the USD, the JPY and the GBP. At this time, the Euro exists only in non-cash form. This will change in January 2002 when Euro notes and coins will be issued. Currently, companies and individuals can conduct their financial transactions in Euros, but this is not obligatory. By July 1, 2002, only Euro notes and coins will be in circulation in Euroland.

According to the terms of the Treaty of Maastricht, European Common Units (ecus) have now been replaced by Euros at a rate of one to one. Any reference to ecus in existing contracts will automatically become a reference to Euros.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADING

There are no foreign exchange regulations or limitations on the transfer of capital or profits in Belgium, except in exceptional situations; i.e. UN sanctions against Iraq and Libya. Though Belgium has a very high public debt, currently about 115 percent of GDP, 85 percent of that debt is domestically held. There are no foreign exchange problems, and the balance of payments situation is very healthy. Consequently, there are no problems related to the country's ability to maintain its extensive import program.

GENERAL FINANCING AVAILABILITY

Belgium is a country where exports and imports balance each other and amount to roughly two thirds of GDP. Consequently, the process of paying for imported goods is well understood by banking staffs - even in the smallest regional and local branches. Generally speaking, buyers show a preference for payment by cash against documents (CAD), as this is the simplest and least costly method. However, they understand U.S. and transcontinental buyer requirements for letters of credit (L/C). This is often the form of payment for U.S. companies beginning to sell to Belgium. In cases, where Belgian importers and their U.S. suppliers have built up mutual confidence, letters of credit are superseded by time drafts and eventually by CAD terms. In rare instances, open account terms (i.e. where the importer pays after receipt of the goods) are used.

HOW TO FINANCE EXPORTS/METHODS OF PAYMENT

Belgian importers are relatively small, with inadequate sources of inexpensive capital. Real rates of interest for working capital loans now run more than seven percent, and Belgian importers will ask for the most lenient credit terms possible. In addition, they are accustomed to being offered flexible payment terms, mainly from their neighboring trading partners, including France, Germany, the Netherlands, U.K., Switzerland, and (sometimes) Italy. Extended payment terms of 30, 60, 90 and even 120 days are not unusual, though the most common payments terms are net 30 days. However, Belgian businesses, like many in Europe, routinely delay payment beyond the agreed upon payment terms. In Belgium, some 43 percent of all payments are not made on time, although 80 percent of the delayed payments are made within another 30 days. In short, 91 percent of all payments by Belgian businesses are made net 60 days. Yet, this is a better record than in Italy or the U.K., and equal to that of France and the Netherlands.

Since the use of credit is consequently widespread, flexible credit terms can be important to winning sales contracts in Belgium. A U.S. firm should consider offering such terms, provided he/she is able and willing to provide such finance and provided the U.S. company has done a full credit check into the credit background of the Belgian company. Even then, it would probably be wise to try several shipments on a secured credit basis before moving to easier terms. There are several local credit agencies available, including Dun and Bradstreet.

Import duties and value added tax (VAT) are applied to the CIF (Cost Insurance Freight) value of goods. The rate of import duties is the same as that applied by all EU countries. Since products coming from other EU members enter Belgium duty free, U.S. products often start off with an average 5-6 percent price disadvantage. By offering favorable credit terms, U.S. suppliers can help their importers offset a portion of that higher price.

Counter or barter trade, mainly with Eastern European and other countries short of foreign exchange, continues to be a recognized business practice in Belgium. Considering Belgium's sophistication in international trading practices, it is well placed to develop this type of business.

TYPES OF AVAILABLE EXPORT FINANCING AND INSURANCE

The Belgian financial marketplace is private-sector oriented. There is one government-sponsored institution for financing imports. The address is:

Office National du Ducroire
 Contact: Mr. Yves Windelinckx, Director
 40 Square de Meeûs
 B-1000 Brussels
 Tel: 32/ 2/ 509-42-11
 Fax: 32/ 2/ 513-50-59
 Email: ducroire@ondd.be

PROJECT FINANCING AVAILABLE

There are no special programs for financing major projects in Belgium. Major projects are financed by commercial and investment banks.

LIST OF BANKS IN BELGIUM WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS

FORTIS BANK (formerly Generale Banque)
Montagne du Parc, 3
1000 Brussels
Tel: +32/2 565-1111
Fax: +32/2 565-4222

President: Herman Verwilst

Fortis came into existence in 1990, as a result of a merger between the Dutch combination AMEV/VSB and Belgium's largest insurer AG. It is an international group that handles operations in the insurance, banking, and investment fields. Based in the Benelux market, it is one of the largest financial service providers in the area, offering many different services.

In early 1998 Fortis announced its intentions to buy all outstanding shares in the Generale Banque, which was one of the largest banks in Belgium. It was thought that the combination of the two would create the leading Benelux and European integrated financial services group. The intention was for Generale Banque to become the backbone of the extension of the Fortis Banking group, based in Belgium. As of June 29, 1998, Fortis owned approximately 94% of the shares of Generale Banque. Along with this merger, in December of 1998, the Fortis group made another substantial financial move. The group made arrangements to buy out the remaining shares of ASLK-CGER Bank and ASLK-CGER insurance, thus making the companies 100% Fortis companies.

On Feb 2, 1999, the name of the group was officially changed to Fortis Bank. It has a workforce of more than 40,000, with 3,000 branches, and 7 million customers in the Benelux countries, making it one of the leading banks in the Benelux. It is also the market leader in bancassurance.

BANK BRUSSELS LAMBERT
Avenue Marnix, 24
1000 Brussels
Tel: +32/2 547-2111
Fax: +32/2 547-8305

President and CEO: Luc Newallr

In early 1998 the ING group took over Bank Brussels Lambert, and the resulting combination is a market leader in the Benelux and ranked 12th in Europe. The main business focuses are retail banking, corporate and institutional banking, financial markets and investment banking, asset management, and private banking. BBL also has services for insurance, leasing, factoring, and travel through certain specialized companies. BBL has over 900 traditional bank branches and over 500 Self Banks.

The joined forces of ING and BBL intend to further develop their activities in Europe by building on the already existing strong position in the Benelux. Then they plan to extend retail and banking services across borders to neighboring markets. After that is established, they will work to help create synergies in the main financial centers, and develop their presence in several emerging markets.

KBC
Havenlaan, 2
1080 Brussels

Tel: +32/2 429-7111

Fax: +32/2 429-8131

Email: kbc.telecenter@kbc.be

Chairman of the Board of Directors of the KBC Bank: Mr. Willy Breesch , also Chairman of the Boards of Directors of the KBC Bank and Insurance Holding Company.

In January of 1998, the ABB Group, the Almanij-Kredietbank Group, and the CERA Group announced their intentions to merge and form a single bank and insurance group. Legally, the merger was completed on June 4, 1998. The KBC Bank and Insurance Group is an independent and pioneering enterprise, and has set for itself the objective of becoming one of the most profitable bancassurance institutions in Europe. KBC is already among the more profitable financial service groups in Europe and has been awarded 'AA' credit ratings.

The KBC workforce includes over 1500 bank agents, 500 insurance brokers, and over 8000 FIDEA brokers. It has a presence in over 30 different countries.

DEXIER BANK

Boulevard Pachéco, 44

1000 Brussels

Tel: +32/2 222-1111

Fax: +32/2 222-4032

Email: webmaster@www.creditcommunal.be

Luc Onclin, Chairman of the Board of Directors and Administrator of the Management Committee.

Established in 1912, this municipal credit institution created a totally new method of financing its short-term loans, the savings bond. Today, it still continues to develop and constantly improve savings bond techniques. Apart from being the number one credit institution in the savings bond area, it is a fully-fledged major bank and has developed a full activity on the money, capital and foreign exchange markets in Belgium and abroad. It has over 500 counterpart institutions throughout the world. In 1996, Credit Communal of Belgium created a joint venture company, with Credit Communal of France called Dexia. The objective of Dexia is to develop the international activities of the Belgian and French partners in the area of municipal credit financing. Dexia is now a fast growing entity, which has already bought control of Credito Communale Italiano, Italy's largest entity for financing municipal corporations.

Employs 3,834; consolidated balance sheet total: BF 2,507 billion BF (\$70 billion).

Credit Communal's consolidated balance sheet is approximately \$70 billion USD, and it has a work force of almost 4000.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Avenue des Arts, 35

1040 Brussels

Tel: 02/508-8211

Fax: 02/508-4144

Contacts: Christian Jacobs, Managing Director and Chairman of the Management Committee.

Ranking as the 5th largest bank in Belgium, this is a branch of the J.P. Morgan & Co., with headquarters in New York City. The bank offers commercial and investment banking services to corporate and institutional clients. In addition to the traditional commercial banking services, it offers a variety of specialized services to international customers. Another company of the J.P.

Morgan group in Belgium is Euroclear, located at Blvd. Emile Jacqmain, which is a clearinghouse for Eurobonds and internationally traded securities.

Morgan has a workforce of approximately 1200.

CITIBANK BELGIUM S.A.

Boulevard Général Jacques, 263g

1050 Brussels

Tel: 02/626-5111

Fax: 02/626-5584

Contact: Victor C. Toledo-Sandovac, Managing Director.

This is the Belgian subsidiary of Citibank NA, which has its headquarters in New York City. Citibank opened its Belgian branch in 1919 at the Grand Place. During the Second World War, this branch was closed but re-opened in 1962. As a result of local acquisitions, it now has 60 branches in Belgium. Today it is a leading international and domestic bank, which has relations with most of Belgium's largest industrial and trading companies. This bank also offers specialized services to financial institutions, insurance companies and to public sector entities.

BANK OF AMERICA

Uitbreidingstraat 180, box 6

2600 Berchem

Tel: 03/280-4211

Fax: 03/239-6109

Contact: Willem Nijboer, Vice President/Regional Manager.

This is the Belgian branch of Bank of America N.T. & S.A., with headquarters in San Francisco. This Belgian branch was established in 1965. It provides a full range of commercial banking services and has a branch office in Brussels located at Van Nieuwenhuysse, 6, 1160 Brussels, Tel: +32/2 663-21-00, Fax: 32/2 663-21-50, Richard Challinor is the Director.

CHASE MANHATTAN BANK

Avenue Louise 326, Box 51

1050 Brussels, Belgium

Tel: +32/2 629-5811

Fax: +32/2 629-5850

Contact: Mrs. Regnarm Tel: 629.58.23

Mr. Benoit Struye de Swienlande, General Manager.

EUROCLEAR OPERATIONS CENTER

(A unit of Morgan Guaranty Trust)

Blvd Emile Jacqmain 151

1210 Brussels, Belgium

Tel: +32/2 224-1211

Fax: +32/2 224-7449

Contact: Mr. Luc Bomans, Managing Director and General Manager

IX. BUSINESS TRAVEL

BUSINESS CUSTOMS

Business Hours

Government offices are open Monday through Friday from 8:30 a.m. - 12 p.m. and from 2 p.m. - 4:30 p.m. Banks are open Monday through Friday from 9 a.m. - 4 p.m. Private companies are generally open from 8:30 a.m. - 4 p.m. while shops and stores open at 9 a.m. and close at 6 p.m.

Languages

Belgium has three national languages:

Dutch (sometimes referred to as Flemish), French, and German. English is also frequently understood throughout Belgium. In Flanders, the northern region of Belgium, Dutch is the predominant language. While in Wallonia, the southern region, most people speak French. Residents in a small section of Belgium near Germany speak German as their primary language. Brussels, the center region, is officially bilingual, speaking both Dutch and French.

As in any other country, language is a crucial part of doing business in Belgium. Many documents must be filed in at least one of the three national languages. It would benefit companies to have personnel who speak one of the languages, or to seek the help of a professional translator.

TRAVEL REGULATIONS

Provided that their stay does not exceed three months, nationals of the following countries do not require a visa: Western Europe, East European countries, North America, Central and Latin America (with the exception of Columbia, Bolivia, Peru, Guinea, Surinam and Guinea-Bissau), Japan, Australia, New Zealand, Singapore, Republic of Korea, Hong Kong, Brunei and a number of African countries except for Burkina Faso, Niger, Togo, and Ivory Coast. Visitors of these countries must, however, be in possession of a valid national passport.

TRAVEL ADVISORY AND VISAS

Visas are not required for U.S. citizens traveling in Belgium for less than 90 days. Because of Belgium's persistent unemployment rate (10 percent) resident visas are difficult to obtain for non-EU citizens. To obtain a residence visa, it is necessary to have a working permit, which in turn is difficult to obtain. Working permits are limited to managerial positions in foreign owned companies and for people with special skills not available in Belgium. It usually takes eight to twelve months to obtain a working permit and 18 months to obtain a professional card. Specialized lawyers situated in Belgium can assist in the process. Americans looking for jobs in Belgium are almost never issued working permits.

Belgium remains a relatively safe country and anti-American sentiment is rare. By taking reasonable precautions, visitors should enjoy a peaceful stay. However, street thefts, purse snatching and pick pocketing are occurring more frequently. The emergency numbers for the police and medical assistance are 101 and 100 respectively and for cellular phones (locally) 112. Visitors to Belgium requiring additional information should contact the Brussels Regional Security Office 32/2/508-2370.

CURRENCY AND CREDIT CARDS

The Belgian franc is the local currency. Most hotels and restaurants take credit and charge cards (American Express, Eurocard/MasterCard, Diners Club, Visa etc.).

VOLTAGE:

220/380 volts AC 50 three-phase current

BELGIAN HOLIDAYS - 2001:

| | |
|-------------|--------------------------|
| January 1 | New Year |
| April 24 | Easter Monday |
| May 1 | Belgian Labor Day |
| June 1 | Ascension Day |
| June 12 | Whit Monday |
| July 21 | Belgian Independence Day |
| August 15 | Assumption Day |
| November 1 | All Saints Day |
| November 11 | Veterans Day |
| December 25 | Christmas |

BUSINESS INFRASTRUCTURE

Public transportation is readily available and Belgium has excellent communications links with the rest of the world. Belgium is also home to an extraordinary rich media offering the broadest selection of television channels in Europe. TV viewers currently have access to programs broadcast from 7 different countries in Dutch, English, French, German, Spanish, and Italian. CNN is also available on cable. The country is blessed with an intense and varied cultural life and is highly regarded for its acceptance of foreign goods and persons, and its overall life style and family-oriented values system. For further information contact the Belgian Tourist Office, rue Marché aux Herbes 61, B-1000 Brussels. Tel: +32/2 513-89-40 Fax: +32/2 514-45-38 or consult <http://www.belgium.fgov.be>.

APPENDIX A: COUNTRY DATA

| | | | | | | | | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------|----------|------|---------|------|-------|-----|
| Population: | 10.2 million | | | | | | | | |
| Population Growth Rate: | 0.39 % | | | | | | | | |
| Religions: | <table> <tr> <td>Roman Catholic</td> <td>75 %</td> </tr> <tr> <td>Agnostic</td> <td>10 %</td> </tr> <tr> <td>Atheist</td> <td>12 %</td> </tr> <tr> <td>Other</td> <td>2 %</td> </tr> </table> | Roman Catholic | 75 % | Agnostic | 10 % | Atheist | 12 % | Other | 2 % |
| Roman Catholic | 75 % | | | | | | | | |
| Agnostic | 10 % | | | | | | | | |
| Atheist | 12 % | | | | | | | | |
| Other | 2 % | | | | | | | | |

| | |
|---------------------------------|--------------------------------------------------------------------------|
| Languages (by regions): | Flanders (Dutch) Wallonia (French) Brussels (Bilingual) |
| Languages (by % of population): | Dutch speaking 57.6 % French speaking 32.4 % German speaking 9.3 % |
| Work Week: | Monday -- Friday, 37.5 hours |
| Government System: | Constitutional monarchy with Parliament |
| Head of State: | King Albert II |
| Head of Government: | Prime Minister Guy Verhofstadt |
| Next Elections: | 2003 |

APPENDIX B: DOMESTIC ECONOMY

| | 1998 | 1999 | 2000 |
|---------------------------------------------------------|--------|--------|--------|
| GDP (billions of dollars) | 247.6 | 222 | 230 |
| Real GDP Growth Rate (percent) | 2.8 | 1.7 | 3.5 |
| GDP per Capita (dollars) | 24,274 | 21,658 | 22,416 |
| Gov. Spending (percent of GDP) | 39.8 | 40.0 | n/a |
| Inflation (percent change) | 1.2 | 1.2 | 1.3 |
| Unemployment (percent) | 9.5 | 9.0 | 8.5 |
| Average Annual Exchange Rate (in BF per U.S. Dollar) | 36.45 | 37.13 | 37.73 |
| Foreign Debt (billions of dollars) | 20.48 | 10.72 | 10.76 |
| Unit Labor Costs (percent change) | 0.2 | 0.1 | 0.2 |
| Labor Productivity Rate | 1.6 | 1.3 | 1.7 |

Sources: National Bank of Belgium; Finance Ministry; Bureau de Plan

APPENDIX C: TRADE

| | 1996 | 1997 | 1998 | 1999 |
|----------------------------------------|-------|-------|-------|-------|
| Total exports (f.o.b., \$ billions) | 172.7 | 168.2 | 173.3 | 165.4 |
| Total imports (C.I.F., \$ billions) | 161.3 | 155.8 | 160.7 | 150.3 |
| U.S. exports (f.a.s., \$ billions) | 9.4 | 10.8 | 11.2 | 11.3 |
| U.S. imports (customs, \$ billions) | 7.0 | 7.7 | 7.1 | 8.2 |

Source for data is statistics for the National Bank of Belgium.

Main U.S. exports to Belgium: Machinery; tobacco & tobacco products, including cigars & cigarettes; organic chemicals; plastics; precious stones and metals; vehicles, automotive parts & accessories; medical instruments; computer hardware & software; chemicals.

Main U.S. imports from Belgium: Precious stones and metals; machinery; cars & other vehicles; organic chemicals; iron and steel; pharmaceutical products; petroleum; plastics; electrical.

APPENDIX D: ADDITIONAL INVESTMENT STATISTICS

| | |
|----------------------------------------------|----------------|
| Foreign Ownership Restrictions: | None |
| Total U.S. Investment: | \$17.7 billion |
| Historical U.S. Share Of Foreign Investment: | 13 percent |

PRINCIPAL FOREIGN INVESTORS (1989-1998):

| | |
|---------------|--------------|
| Netherlands | 21.9 percent |
| Germany | 17.1 percent |
| France | 16.0 percent |
| United States | 11.0 percent |

Total U.S. Investments 1989-1998: \$7.5 billion

APPENDIX E: U.S. AND COUNTRY CONTACTS

U.S. and Foreign Commercial Service Personnel:
 FCS/EMB PSC 82 Box 002
 APO AE 09710
 Tel: +32/2 508-24-25
 Fax: +32/2 512-66-53

Mr. George Knowles (U.S.) - Commercial Counselor

Ms. Angela Dawkins (U.S.) - Commercial Attaché

Economic Section:

Mr. Eric Benjaminson
Economic Counselor
EMB PSC 82 Box 002
APO AE 09710
Tel: +32/2 508-24-48
Fax: +32/2 513-53-33

Foreign Agricultural Service:

Mr. Philip Letart
Agriculture Counselor
Located at the U.S. Embassy in The Netherlands
FAS/EMB PSC 71, Box 38
APO AE 09715
Tel: +31/70 310-92-99
Fax: +31/70 365-76-81

(Note: The Agricultural Counselor in The Hague has regional responsibility for Belgium and Luxembourg.)

Other U.S. Government contact point:

Kerry O'Connor
Desk Officer
U.S. Department of Commerce
Washington D.C. 20232
Tel: 202/ 482-6008
Fax: 202/ 482-2897

American Chambers of Commerce:

Ms. Jo Ann Broger
General Manager
American Chamber of Commerce in Belgium
Avenue des Arts, 50, Box 5
1000 Brussels
Tel: +32/2 513-67-70
Fax: +32/2 513-35-90

Visit USA Tourist Information Center

Mr. Birgit Lambrechts, Office Manager
Mr. Peter Mathieu, President, Visit USA Steering Committee
203 Boulevard Général Jacques
1050 Brussels, Belgium
Tel: +32/2 648-43-56
Fax: +32/2 648-40-22

Website: www.visitusa.org

The Visit USA Tourist Information Center promotes tourism to the United States.

Belgian Trade and Industry Associations:

Brussels Chamber of Commerce

Avenue Louise, 500
 1050 Brussels
 Mr. D'Hondt
 General Director
 Tel: +32/2 648-50-02
 Fax: +32/2 640-93-28

F.E.B. (Federation of Belgian Enterprises)
 Rue Ravenstein, 4
 1000 Brussels
 Tel: +32/2 515-08-11
 Fax: +32/2 515-09-99
 Gui de Vaucleroy, President
 Tony Vandeputte, Managing Director

The Belgian business federation is a nationwide organization of employers. It is composed not of individual companies, but of industrial and trade federations. This is Belgium's biggest association and represents all employer groups in negotiations with labor unions and the government.

FABRIMETAL (Federation of Metalworking Industries)
 Diamant Building
 A. Reyerslaan 80
 1030 Brussels
 Tel: +32/2 706-78-00
 Fax: +32/2 706-78-01
 Philippe de Buck van Overstraeten, Managing Director and General Manager

This is the largest of the specialized federations and is made up of firms engaged in all phases of the following sectors: metal working, plastic conversion, measuring, analysis and regulating instrumentation, electronics and electrical, aeronautical, telecommunications and data processing.

FECHIMIE (Federation of Chemical Industries)
 Square Marie Louise, 49
 1000 Brussels
 Tel: +32/2 238-97-11
 Fax: +32/2 231-13-01
 Jacques Van Bost, President
 Paul-François Smets, Manager

This federation includes firms in all fields relating to chemicals, including petrochemicals, drugs, fertilizers, rubber, toiletries, plastics, etc.

FEDERATION PETROLIERE BELGE
 Rue de la Science 4
 1040 Brussels
 Tel: +32/2 512-30-03
 Fax: +32/2 511-05-91
 Jean Vermoes, Manager

This federation groups all bulk oil importers, distributors and manufacturers of petroleum products and derivatives.

FEBELTEX (Federation of Textile Industries)
Rue Montoyer, 24, 1000 Brussels
Tel: +32/2 287-08-11
Fax: +32/2 230-65-85
Jean Francois Quix, Director

This federation includes the full range of the Belgian textile industry including synthetics, carpets, cotton and wool.

VLAAMS EKONOMISCH VERBOND (V.E.V. - Flemish Economic Union)
Brouwersvliet, 5, Box 4
2000 Antwerp
Tel: +32/ 3 202-44-00
Fax: +32/ 3 233-76-60

V.E.V. is the representative employers federation covering the Flemish part of Belgium. It is independent of the F.E.B., but cooperates with it since their activities are parallel. It acts as spokesman for its members' interests with the Flemish regional authority and tries to stimulate the Flemish economy by a wide range of different initiatives.

UNION WALLONNE DES ENTERPRISES (Wallonian Enterprise Association)
Chemin du Stocquoy, 1-3
1300 Wavre
Tel: +32/ 10 47-19-40
Fax: +32/ 10 45-33-43
Jean Stephenne, President
Mr. Xavier Desclee, Managing Director

This is the equivalent of the V.E.V. for Wallonia.

Belgian Government Offices:
Mr. Raoul Delcorde
Minister Counselor for Economic Affairs
Belgian Embassy
3330 Garfield Street, NW
Washington D.C. 20008
Tel: 202/ 333-6900
Fax: 202/ 625-7567

Mr. Everarts de Velp, Commercial Attaché Walloon Region or
Mr. Alain Decraene, Economic Representative of Flanders
3330 Garfield Street, NW
Washington D.C. 20008
Tel: 202/ 333-6900
Fax: 202/ 625-7567

Mr. Pierre Nibioulle, Conseiller adjoint
Ms. Sandrine Wuïot, Conseiller adjoint
Mr. Yves Jasselette, Conseiller adjoint

Mr. Wilfried Clerens, Adjunct-adviseur
U.S.A. Department
Belgian Foreign Trade Office
W.T.C. Tower 1, Box 36
Boulevard du Roi Albert II 30, Box 36
1000 Brussels
Tel: +32/2 206-35-11
Fax: +32/2 203-18-12
Email: info@obcebdbh.be

Belgian Customs and Excise Tax Service
R.A.C. Financie Toren
Kruidtuinlaan 50, Box 37
1010 Brussels
Tel: +32/2 210-30-11
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Ministry of Economic Affairs
Foreign Investors Service,
G. Lemanstraat 60
1040 Brussels, Belgium
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Ministry of Wallonia
Foreign Investors Interface
Avenue Materne, 115
5100 Namur
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FFIOF - Flanders Foreign Investment Office
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American State Offices in Belgium:

Counsel of American States in Europe
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APPENDIX F: MARKET RESEARCH

The following Industry Subsector Analyses (ISA) are available on the National Trade Data Bank (NTDB):

- Air Pollution Control
- Air Traffic Control Equipment
- Airport Expansion
- Auto Parts and Accessories
- Automotive Repair Equipment
- Costume Jewelry
- Dental Equipment and Products
- Energy Cogeneration
- Fast Food Franchising
- Franchising
- Home Health Care Equipment
- Industrial Filters
- Intensive Care Equipment
- Medical Equipment
- Renewable Energy
- Seafood
- Security Equipment
- Solid Waste Recycling Equipment
- Travel and Tourism Services
- Wind Power
- Wireless Communications

Industry Subsector Analyses planned for the remainder of 2000 and through 2001 include:

- Energy Services
- Internet Solutions
- Water Purification Equipment and Services
- Incentive Travel to the USA
- Biotech Applications for Pharmaceuticals
- Auto Parts and Services
- Aerospace and Defense
- Apparel Franchising

Industry Subsector Analyses planned for FY 2002 include:

- Energy Efficiency
- e-Services
- Soil Remediation
- Belgian Visit USA Market
- GMO Products Acceptability
- Auto Accessories
- Command/Control Computers
- Educational Products/Services

Planned Industry Market Insights (IMI) for FY 2001:

Wireless Commerce

Other ongoing market research includes quarterly major project listings; update on “Guide for Doing Business in the Newly Liberalized European Telecommunications Market,” Belgian portion. A complete list of market research is available on the NTDB.

SCHEDULED REPORTS FOR 1999 IN THE AGRICULTURAL AREA INCLUDE:

| Report | Type |
|------------------------------------------------|--------------------|
| 1. Fresh Deciduous Fruits | Semi-Annual/Annual |
| 2. Forest Products | Annual |
| 3. Oilseeds and Products | Annual |
| 4. Livestock | Annual |
| 5. Agricultural Trade Policy Monitoring Report | Annual |
| 6. Exporters Guide | Annual |
| 7. Retail Food Sector | Annual |

NOTE: Reports from U.S. agricultural attaches overseas, Foreign Agricultural Service (FAS) publication summaries, U.S. export data and trade leads for agricultural food, fish and forestry products are available on the internet.

FAS Brussels' web page is found at: <http://www.useu.be/agri/usda.html>
 USDA's web page is: <http://www.usda.gov>

Export Counseling:

The Trade Assistance and Promotion Office (TAPO) Tel: 202-720-7420; Fax: 202-205-9728, offers information to the public on foreign markets for agriculture products, and help in accessing government programs. TAPO can provide country- and commodity-specific Foreign Market Information Reports. It also provides information on services, such as:

Trade Leads: Tel: 202-690-3416

Foreign Buyer Lists Tel: 202-690-3416

Buyer Alert Programs, and US Suppliers Tel: 202-690-3421

APPENDIX G: TRADE EVENT SCHEDULE

Explanation of acronyms

CS Catalog Show

FAS Foreign Agricultural Service

FCS Foreign Commercial Service

IBP International Buyer Program

PIP Post Initiated Event

SCE Showcase Europe

TFO Trade Fair Overseas-organized
TFW Trade Fair Washington Recruited

2000 EVENTS

| DATE | TITLE | LOCATION | TYPE | SECTOR |
|-----------|----------------|-----------|------|------------|
| Aug 28-31 | Magic Show | Las Vegas | SCE | Textile |
| Sep 2-4 | Lingerie | Lyon | SCE | Textile |
| Sep 6-9 | Automecanika | Frankfurt | SCE | Auto Equip |
| Sep 9-10 | FSN Conference | Wiesbaden | SCE | |
| Sep 28 | Decosit | Brussels | TFW | Upholstery |

2001 EVENTS

| DATE | TITLE | LOCATION | TYPE | SECTOR |
|-----------|--------------------------------------------|------------|---------|----------------|
| Nov 13-15 | VTM | London | SCE 1 | Travel/Tourism |
| Dec 14-16 | BTF (Brussels Travel Fair) | Brussels | SCE | Travel/Tourism |
| Mar 1 | Visit USA Workshop | Brussels | SCE | Travel/Tourism |
| Mar 2001 | ITB | Berlin | SCE | Travel/Tourism |
| Mar 2001 | Doing Business in the USA | Belgium | | |
| Apr 12-14 | Medtrade | Luxembourg | PLC-CEO | Medical |
| Apr 21-26 | NAB | Las Vegas | | Telecom |
| May 29-31 | TMAB | Brussels | SCE | Telecom |
| Sep 17-21 | Matchmaker Benelux Medical (w/Netherlands) | Belgium | SCE | Medical |
| Sep 9-12 | Decosit | Brussels | | Upholstery |