



Doing Business in Belgium: 2008 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Belgium

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Market Overview

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Belgium's population of approximately 10.3 million people is heavily reliant on trade. The country boasts tremendous infrastructure and is regarded as an ideal hub for transit and distribution. The cosmopolitan and international nature of Belgium also makes it an ideal European test market for American products and services. The Belgian market is small enough that a huge European-wide commitment to a new product is not necessary, yet it is diverse and competitive enough that it offers a representative sample of potential European and multinational competitors. According to the Organization for Economic Cooperation and Development (OECD), Belgium's GDP in 2006 grew by 2.9% over the previous year (to \$367.8 billion), whereas the Euro area grew by 2.6%. In 2007, it grew by 2.6% (to \$438.5 billion), exactly the same rate as for the overall European Union (EU) area. In 2006, imports of goods and services grew by 3.0% and Belgium became the 11th largest trading partner of the U.S., accounting for \$21.3 billion of U.S. exports (up 14% from 2005). Belgium's exports to the U.S. grew by 4.7% in 2007; imports from the U.S. grew by 5.6%. The capital, Brussels, is home to the headquarters of the EU and North Atlantic Treaty Organization (NATO), as well as hundreds of international institutions, associations and multinational corporations.

Market Challenges

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Although growth has slightly outpaced the euro area average since 2002, and the economy reached an annual rate of 3% year-on-year growth in 2006, there are signs that some production factors are under strain. According to the OECD's *Economic Survey of Belgium 2007*, capacity utilization is approaching historic highs and an increasing number of firms are reporting problems in finding and hiring qualified workers. A continuing increase in productivity and a greater flexibility in wages, will be essential to bolster Belgium's long-term growth prospects. The persistence of high unemployment, despite greater job creation, suggests that labor market reform will continue to be high on its policy agenda. The Belgian government has been aware of the need for reforms and its actions have produced results: for example, consistently balanced budgets have led to a sharp reduction in public debt relative to GDP; and the increase in job creation has been accompanied by higher labor market participation rates, especially among older workers. The government has also focused its national reform program on key priorities intended

to achieve long-term sustainable growth prospects, such as creating a more dynamic labor market, consolidating the budget, securing the future of the welfare system and protecting the environment. It is expected that the government will continue to pursue economic reforms.

Market Opportunities

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The leading Belgian commercial sectors for U.S. export and investment are: biotechnology, dental equipment and products, medical waste disposal and treatment, energy, chemicals and plastic materials, port and airport security, travel and tourism (from Belgium to the U.S.), air conditioning and heating equipment, audio-visual equipment, storage area networks (SAN), franchising and solid waste disposal and treatment.

Market Entry Strategy

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U.S. exporters can penetrate the Belgian market through importers/distributors, wholesalers or specialized retailers, depending on their products and their company size. Interested U.S. exporters will have to focus on innovation, quality and competitive pricing, despite the high transportation costs they will encounter.

In support of U.S. commercial interests in Belgium, the U.S. Embassy in Brussels uses the combined resources of the various U.S. Government agencies to promote exports of U.S. goods and services. It also supplies information on trade and investment opportunities and serves as an advocate for U.S. firms. For specific requests, firms can contact the applicable Commercial Specialist at the U.S. Embassy in Brussels for counseling and market entry strategies tailored to their products and services (see: www.buyusa.gov/belgium).

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2874.htm>

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