

TRADE AND ECONOMIC OVERVIEW

Belgium is one of the smallest countries in the European Community (EC), yet its small size does not reflect its relative importance either in commercial or economic terms. With only 10 million people, Belgium accounts for 3.2% of international trade, and it is the sixth largest importer in the EC. On a per capita basis, Belgium is the world's largest recipient of foreign investment, as well as the third largest investor abroad. Nestled between the economic giants of Germany and France, Belgium is located in one of the world's most industrialized and most competitive regions. In recent years, the Belgian economy has experienced growth rates superior to the European average. Following a decision in 1990 to tie the Belgian Franc to the German Mark, both interest rates and inflation in Belgium have been lower, and much more in line with the rates in Germany, Belgium's trade and economic partner.

Belgium is a "value-added" country, with imports of goods and services amounting to approximately 60% and exports to 70% of its Gross Domestic Product. Its industry occupies niche markets in a region where some 75% of EC purchasing power can be found (i.e. within 350 km of Brussels). Belgian industrial expertise lies mainly in the areas of medical technology, advanced industrial materials, biotechnology, metalworking, food processing, chemicals, pharmaceuticals, textiles, glass technology and aerospace. Belgians also excel in certain service industries such as shipping, transportation, distribution and banking.

The first country in Europe after the United Kingdom to be industrialized, Belgium is once again being transformed by the strong economic forces currently reshaping Europe. In fact, Belgium is one of the countries that is benefitting the most from the European integration process and the establishment of the Single Market. Brussels has been designated the capital of the "new Europe", and the Single Market gives Belgium the opportunity to fully capitalize on the comparative advantages that it draws from its geographic location at the heart of Europe's most densely populated and wealthiest region, its multilingual and cosmopolitan population and the legendary openness of its economy. As well as being the host to the EC, Belgium is the European headquarters for many multinational corporations and organizations, such as NATO, SHAPE and the WEU. These are just a few of the reasons why Belgium is one of the most relevant markets in the EC for Canadian companies wishing to enter and to position themselves in the continental European market.

From a cultural point of view, Belgium is definitely the most important test market in the European Community. The Belgian market is an extremely challenging one, in part because of its cultural duality, enabling the exporter to experience both the Germanic and Latin ways of doing business. This sales and marketing experience will prove invaluable for future exports to the rest of the EC. It is known throughout Europe that if a product can be successfully launched in Belgium, it stands a good chance of being successful in other EC countries as well.

When elaborating their European strategy, Canadian firms should be aware of the fact that Belgium is recognized by most marketing experts as being the best test market in the EC. Belgium is one of the choice places in Europe to set up a sales office, in part because of its unique geographical location and the relatively low costs involved, but also due to the availability of multilingual staff and excellent communication, financial and other support services.