Small country with big market potential

Construction sector in Belgium

Belgium's status as one of the smallest countries (population 10 million) in the European Union (EU) does not reflect its commercial or economic position. Situated at the heart of the EU, Belgium is its sixth largest importer and accounts for some 3.2% of the EU's total international trade — a significant market for Canadian exporters interested in positioning themselves in continental Europe.

Market overview

There are several reasons for the major position Belgium occupies in Europe's construction sector. First, the country has one of the highest private-ownership rates in the EU and second, many multinational firms and other international organizations have set up companies and production facilities there. This foreign presence has, in turn, boosted Belgium's industrial construction as well as its public construction and infrastructure.

Belgians either live in traditional single-family houses or in apartment buildings. The condominium styles used in the U.S. and Canada are relatively unknown in the Belgian construction market.

When choosing materials for private construction projects, Belgians tend to be rather conservative. Even so, although brick remains by far the most popular construction material, other materials are gaining favor. Timber frame construction has increased its market penetration from 3% to an estimated 17% over the last 20 years.

Construction materials are mainly of Belgian origin or come from neighboring countries such as Germany, the Netherlands, France and Italy. Wood comes primarily from Canada and Scandinavia — in particular Sweden and Finland. Imports from Canada, however, have declined in recent years due to the pinewood nematode problem.

Opportunities

There are a number of promising niche market opportunities for Canadian exporters.

Canadian expertise in high-rise construction can be considered a major export opportunity. Belgian and most other European contractors are less familiar than Canadian firms with modern high-rise building techniques which involve the efficient use of limited space and the application of integrated construction systems. A willingness to adapt to Belgian taste and living conditions, and to work with local producers is important.

When it comes to introducing high-quality finished wood products, Canadian firms are at an advantage because Canada is already well represented in the Belgian lumber market. To be accepted, finished products such as flooring planks, doors, wall panelling and stairways should be designed and cut according to Belgian taste while at the same time retaining Canadian quality.

Technology transfer in the field of heating and ventilation presents excellent niche opportunities as well. Canadian firms tend to have more experience than their European counterparts in the use of building methods that promote energy efficiency.

Market access issues

Manufacturers targeting the Belgian market are advised to begin with the larger chains, many of which have a central buying office. To get the best prices from manufacturers around the world, many of these chains form buying syndicates with chains from neighboring countries.

The best way to gauge the Belgian construction materials market is to attend **Batibouw (www.batibouw.com)**, an annual trade show that takes place in February or March and lasts for 10 to 12 days. This major event, which is open to both the building trade and the public, provides an important outlet for introducing new building materials to the market.

Major competition

The fast-growing hardware and do-it-yourself market is largely open to Canadian producers and exporters. Finished wood products — such as doors, panelling, flooring, luxury bathroom accessories, garden articles, tools, and decorative products — that are adapted to local taste will be well received.

Building and hardware products are distributed by either retail chains or importer-distributors that work with independent stores using North American-style distribution methods. Belgian retail chains Brico (**www.gib.be**) and Leroy Merlin (**www.leroymerlin.fr**) dominate this market.

For more information about the Belgian construction and building materials market, including contact information for associations and distribution-retail chains, download the full market report from **www.infoexport.gc.ca/be**

For more information, contact Francis Keymolen, Commercial Officer, Canadian Embassy, Brussels, tel.: **(011-32-2) 741-0616**, fax: **(011-32-2) 741-0606**, e-mail: **francis.keymolen@dfait-maeci.gc.ca** Web site: **www.infoexport.gc.ca/be**

THE EUROPEAN ADVANTAGE

Residential housing on its way up

Construction sector in Sweden

The construction industry is one of Sweden's largest, employing 450,000 people — or about 10% of the country's work force. In 2000, building investments in this country of 8.9 million people reached approximately $18 billion — 5.6% of its GDP.

Market overview

The Swedish construction industry has been riding a roller coaster since the early 1980s, with construction volumes rising and falling with demand. The demand for dwelling units that began in the mid-1980s peaked in 1990, to be followed in 1991 by a downturn that saw total construction volumes fall nearly 25% by 1994. Since then, the industry has been slowly gathering steam again and total investments in construction are predicted to grow 6% during 2002. Urban residential housing projects are fueling this growth, and will contribute an estimated 12% to 17% in investment to the construction industry.

Easy-to-assemble prefabricated units ("prefabs") such as stairways, garbage chutes, kitchen fittings, and walls and floors are becoming popular, with larger custom framing components typically produced in contractor-owned factories. Virtually all conventional materials are now available as prefabs: reinforced brick slabs, reconstituted wood, pre-stressed concrete and the prepared steel that is increasingly used in reinforcement.

Sweden's large forestry sector is the foundation for its long tradition in wood frame construction and wood panel manufacturing.

Opportunities

The current surge of activities and investments in the building sector makes this an ideal time to explore a wide range of opportunities in the Swedish market. The high cost of hiring professional builders for private renovation and decoration projects, for example, has paved the way for a boom in the do-it-yourself (DIY) market. For innovative manufacturers, the variety in both market structure and available products opens doors to DIY niche markets, such as electrical hand tools.

Insulation products and interior and exterior wood finishing are potential market opportunities for Canadian suppliers given the similarity between the Swedish and Canadian winter climates and the fact that Swedes, like Canadians, appreciate wood products. Canadian hardwood flooring and kitchen cabinets are now available in Sweden.

Canadian suppliers are advised to work with a Swedish partner who understands the market as well as logistics, approval procedures and standards.

Major competition

Domestic manufacturers supply the bulk (75%) of the building materials used in Swedish construction projects, with imports making up the difference. Firms from neighbouring European countries have a strong market presence. The market is dominated by a few large firms such as Skanska, NCC and Peab that have networks of subcontractors.

Useful Web sites

- Fact Sheets About Sweden: **www.si.se/E_infoSweden/1008.cs?dirid=1265**
- Swedish approval body for the construction industry: **www.sitac.se/Default-eng.htm**
- Detailed market reports about the construction sector: **www.infoexport.gc.ca**

For more information, contact Maria Stenberg, Business Development Officer, Canadian Embassy, Stockholm, tel.: **(011-46-8) 453-3020**, fax: **(011-46-8) 24-2491**, e-mail: **maria.stenberg@dfait-maeci.gc.ca** Web site: **www.canadaemb.se**

Residential market down, commercial up

Construction in the Netherlands

The Dutch building sector has been flourishing in recent years as a result of a healthy economy and low mortgage rates stimulating demand for purchased homes, as opposed to rented accommodation. While construction of commercial buildings continues to grow, the residential market is now decreasing and the Dutch building sector is expected to show only moderate growth in the period 2001-2006.

Market overview

Growth in production has fallen from 4% in 2000 to 1.6% in 2001, and is expected to fall to 0.4% in 2002. In the period leading up to 2006, the Environment Ministry forecasts an average annual growth of around 1%.

Home construction fell by 4% in 2001 to 65,000 homes, while maintenance and renovation work rose slightly by 0.4%. In 2002, an expected 60,000 homes will be completed, less than the Ministry of Housing's target. Various factors have contributed to the shortfall, including labour shortages, long planning procedures and the completion of

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