Economic & business news from Belgium – April 2013

This newsletter was prepared by the Federal-Regional Liaison Unit for Foreign Investment. The Liaison Unit was created in 1995 as a result of the Cooperation Agreement “Foreign Investments” of 7 February 1995. Its mission is to raise important issues concerning the investment climate in Belgium to policy makers, and create synergies between all the Belgian authorities involved in the attraction of foreign investments. The following authorities are represented in the Cell: FPS Foreign Affairs, FPS Economy, FPS Finance, the Chancery of the Prime Minister, Flanders Investment and Trade (FIT), Agence wallonne à l’Exportation et aux Investissements Etrangers (AWEX) and Brussels Invest & Export (BIE). Its chair is held by the Regions on a rotating basis and its secretariat is ensured by the FPS Economy.

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Changes at the head of AWEX general management of Foreign Investments

As of 1 February 2013, a series of changes were made in the organizational structure of the AWEX General Management of Foreign Investments.

Jean-Pierre MARCELLE is now the new Management Director of the AWEX Foreign Investments Division. Along with this nomination, AWEX General Manager, Philippe SUINEN, has made the following changes in the structure of the AWEX General Management of Foreign Investments:

André MARSDEN will continue with the operational management tasks of the General Management of Investments as General Counselor. Alphi CARTUYVELS, Inspector General, will combine his post as Manager of European Investments with the American Investments division as well. He will also supervise export matters with the US.

Michel KEMPENEERS will remain as Manager of the Pacific Asian markets for export and investments matters. Francis KANIA will assume the Latin American markets, while Henri CHALON will lead the Middle East and African markets for both export and investments.


1. Foreign investments in Belgium

Hyundai sets up new site in Tessenderlo

Korean manufacturer of digging and loading machines Hyundai Heavy Industries has announced plans to invest EUR 22 million in a new European distribution center in Tessenderlo, Flanders (Belgium). The investment will create 70 to 80 new jobs.

Hyundai’s European distribution center is currently located in Geel, also in Flanders. “Over the past few years, this location had become too small, we thought, for our growth ambitions”, says financial manager Johan Tiels. “That’s why we went looking for a new site close by, so that our 60 employees could easily make the transition.”
Eventually, the new industrial area ENA Genebos, near the exit complex of the E313 highway in Tessenderlo (Flanders), was chosen. The land purchase contract has already been signed and construction works are planned for the beginning of next year. The relocation will take place in 2014.

http://constructionequipment.hyundai.eu/en

**JBF chooses site in Geel to conquer EU**

Cheerag Arya, CEO of Indian petrochemical multinational *JBF*, has reconfirmed his plans to invest EUR 160 million in a new logistics site in Geel in Flanders (Belgium). The project will create 150 new jobs.

The fact that *JBF* chooses Flanders (Belgium) as a base for its European operations, shows that the region has the right assets to attract foreign investment. “Our logistic qualities and highly educated workforce have been decisive in convincing this mayor sector player”, stated Kris Peeters, Minister-President of Flanders. “Furthermore, since *JBF* is known for its efforts in innovation and sustainable production, the investment fits perfectly within Flanders’ Nieuw Industrieel Beleid (New Industrial Policy).”

*JBF* also offered employees of the recently closed regional chemical company *Dow* a new job, and more jobs are in the pipeline. 25 people have already been hired. By the end of the year, this number should be 75. In the meantime, construction works on the new site have started.

http://www.jbfindia.com/

**CM-CIC invests EUR 20 million in Primus**

French investment group *CM-CIC* has invested EUR 20 million in Flanders-based world player in industrial laundry systems, *Primus*. With this fresh injection of growth capital, *Primus* aims to turn over EUR 100 million next year.

In return for its investment, the French group receives a minority interest in *Primus*, alongside controlling shareholder *Andlinger* (US). According to an observer, the company offers many growth opportunities due, in part, to a decision to completely reinvent the product portfolio in terms of energy efficiency and profitability. Ever since the launch of its new machines, *Primus* has gained market share and expanded its operations to include China.

Based in the town of Gullegem in Flanders (Belgium), *Primus* is a world-class player in its niche, sharing third place with *Miele* (Germany) and *Girbau* (Spain), and hot on the heels of *Electrolux* (Sweden) and *Alliance Laundry* (US). In 2012, the group turned over EUR 90 million.

http://www.primuslaundry.com/
**Syngenta acquires Devgen**

The Swiss agro group *Syngenta* has acquired exactly 98.32 per cent of the shares in the Ghent-based agro-tech company *Devgen*. The next step is to acquire the rest of the shares via a squeeze-out, which should be finished by March 8.

After a first round of bids, *Syngenta* already got a vast majority share of 94.11%. Then, the Swiss group reopened the bid. It offered EUR 16 per share, which equates to a lump sum of EUR 388 million.

*Syngenta* announced in a press release that the squeeze-out will take place from February 6 till 26, and will be over by March 8.


**Kellogg sets up a new laboratory in Leuven**

US-based food concern *Kellogg*, famous for its breakfast cereals, plans to open a new laboratory in the second bio-incubator of *KU Leuven University* in Flanders (Belgium). These bio-incubators are dedicated to biomedical life sciences in Flanders.

The new laboratory will house 20 scientists from *Kellogg*. Together with nutrition scientists from the university, they will conduct research into innovation in healthy food. Moreover, the company has also taken an option on an additional lease in the university's third bio-incubator.

*Kellogg*'s plans are great news for the university's R&D department. They enhance its international visibility and open the door to new jobs and development opportunities.


**Google is strengthening its presence in Wallonia**

The technology company Google has announced an investment of 300 million euros on the site of Saint-Ghislain, near Mons, which will ultimately lead to the creation of 200 new jobs.

The Data Center of Saint-Ghislain, one of the three available Google locations in Europe, has been operational since September 2010 after an initial investment of 250 million euros. The Internet giant will invest $ 300 million more to expand the site.
The construction work has just begun and it will employ an additional 300 to 350 people.

http://www.lecho.be/actualite/entreprises_media/Google_va_investir_300_millions_a_Saint_Ghislain.9327665-3054.art

2. Belgian companies abroad

Colruyt files a permit application for a logistics centre

*Colruyt group* has recently filed a permit for the construction of a logistics and distribution centre, straddled between Ollignies (Lessines) and Ghislenghien (Ath). The work must begin in August and be completed in spring 2015.

The group will employ 350 people right from the start. The distribution centre will be located along the A8-E429 Hal-Tournai right by Ollignies.

*Colruyt Group*, which currently has about 4,000 employees in Hainaut is one of the largest private sector employers in the province. With this new distribution centre, the number of people employed will increase in the coming.

http://www.colruytgroup.com/colruytgroup/static/persberichten_13_e.shtml

Spa-Francorchamps, future tourist resort of Wallonia

Supported by the Wallonia Region, the main owner of the sites, the project includes, among others, the construction of a theme park focusing on the automotive, transportation and technological innovation, just like the one that represents the Epcot Centre in the United States. This new space, called "*Energy Motion*" will house the museum of Spa-Francorchamps, a Formula 1 driving simulator or an electric go-kart.

The forest will also be honoured with a "Forest experience" based on outdoor activities, a village in the trees, cycles or mountain bike routes and themed excursions. A visitor centre is also planned.

The circuit itself will be the heart of the new project, and the paddocks can be used for organizing fairs, second-hand markets and festivals, whenever they are not being used by Formula 1 teams.

The project - 61 million Euros, where 25 million Euros are sponsored by public authorities - aims to structure and organize a comprehensive tourist product built
Around many leisure activities and day trips but also on charming accommodations, eco-resorts or unusual habitats as a forest village.

http://www.spi.be/upload/infrastructures/2013/destinationspa

**IMMOBEL, BESIX RED and CLI join forces to redevelop what is currently the “Galerie Kons” opposite the station in the city of Luxembourg**

As soon as the necessary permits will be delivered, the development of the project will start on the site of the “Galerie Kons”, located in front of the train station of Luxembourg.

A long-term lease has been signed with *ING Bank* which will establish there its new head office in Luxembourg. *ING* will occupy a significant proportion of the offices in this project, which will involve the development of approximately 20,500 m² above ground, including +/-14,600 m² of offices, 2,400 m² of retail space and 3,500 m² of housing.

The site, built in the 30s, occupies a land area of 4,400 m². It includes a mix of functions (offices, retail businesses, housing and car parks) which will be preserved in the redevelopment project.


**Port of Antwerp wins 2013 Environmental World Ports Award**

During the 2013 World Ports and Trade Summit in Abu Dhabi, the Port of Antwerp received the *Environmental World Ports Award*, beating the other nominees Sydney Ports, Port of Gothenburg, Port of Rotterdam and Port of Los Angeles.

The *Environmental Award* recognizes a port company or authority that has made a notable contribution to the environment. Ways of achieving this include an exceptional commitment to enhancing the environmental aspect of the port and surrounding areas, the incorporation of environmental policies, a significant technical contribution to improving/maintaining the environment and an investment in new technology or environmentally sympathetic operating systems.

This is the second award for the Port of Antwerp in two years. Last year, its CEO Eddy Bruyninckx received the *WPTS World Ports Award*.

3. General economic information about Belgium

Belgium still very strong in the patent industry

In 2012, our country was ranked tenth in the European Patent Office. Macromolecular chemistry (polymers), micro-and nanotechnology are leading subjects, as well as consumer goods, biotechnology and organic chemistry.

As carriers of future innovation, patents are a particularly sensitive subject in times of crisis. The European Patent Office (EPO) has released its figures for the year 2012 and they are remarkable both for Europe and for Belgium. Across the continent, since the EPO has 38 members, the number of deposits increased by 5.2% compared to 2011, reaching a total of 257,744 patents. This is a new record since 2008. And the proportion of patents granted is higher than the previous year, which is 5.8%, a total of 65,687.

Our country is characterized by a very dynamic academic activity: in the overall standings, Ghent University is ninth, followed by Louvain, tenth, Brussels, seventeenth and Liege, twenty-fourth. In terms of companies, Electrolux is ahead of us with 207 deposits, then Solvay (139) and IMEC, a company from Leuven specialized in microelectronics and components (121).

With an important role played by universities and a variety of areas which somehow makes us immune to sector crisis, Belgium has high expectations, particularly with regards to its involvement in the European crisis. In the classification of European applicants, our country is tenth, fifteenth in the list of countries that are sending their applications to the European Patent Office.

http://www.epo.org/

Wallonia and the Rhône-Alpes Region share their networks of incubators

AWEX and ERAI have decided to come together in order to offer a better support for their respective regions and meet their common goals: support for exporting companies and welcoming foreign investors.
Wallonia Export and Investment Agency and ERAI, the armed wing of their region for economic development and strengthening the international attractiveness, maintain a long-term collaboration. In particular we must mention the ERAI incubator in India between 2008-2009.

The Incubators (Implantis for ERAI or Welcome Office for AWEX) are well-equipped offices available for Wallonia companies to start their efforts towards settling or penetrating the market. The two Organisations for Promotion and Investment began negotiations last year to formalize this cooperation with an agreement. This will include sharing network of incubators, which offers companies from both regions export opportunities than can be extended further to new destinations.

Implantis-ERAI provides AWEX with access to its incubators in Beijing, Shanghai, Moscow, Tokyo and Curitiba. In return, AWEX shares access to its ERAI Welcome Offices of Aix-la-Chapelle, Kuala Lumpur, Almaty, Prague and Manila.

http://www.erai.org/

**Brussels: the third GDP region in Europe**

In 2010, regional gross domestic product (GDP) per capita in the European Union ranged from 26% to 328% compared with the EU27 average. This information is taken from data released on 21 March 2013 by Eurostat, the statistical office of the European Union.

According to the Eurostat report, GDP per capita is above 125% of the average in more than one out of seven regions in the 27 EU member states. The leading regions are Inner London in the United Kingdom (328% of the average), the Grand Duchy of Luxembourg (266%) and Brussels (223%).

Among the 41 regions exceeding the 125% level, eight were in Germany, five in both the Netherlands and Austria, four in Belgium, three in Spain, in Italy and in the United Kingdom and two both in Finland and Sweden.

Eurostat - 21-03-2013


**Washington comes to Brussels**

Whether it’s the current gridlock in Washington or the growing awareness that global industry won’t get far without the blessing of the European Union, American and other lobbyists are focusing increasingly on Brussels.

A report just out on the Politico news website points to the burgeoning influence of the institutions here on the affairs of the world’s business and lobbying community. A coalition of American non-profit groups seeking additional protection of digital
privacy recently addressed their concerns not to Washington, but to the European Parliament.

Added to this, a growing number of multinational corporations have fallen foul of the EU’s antitrust investigators. The result is the consolidation of the lobbying community in the city. The American Chamber of Commerce has nine registered lobbyists to the EU, Microsoft has 17, ExxonMobil eight, Google seven.


**Deposit VAT-import licence (ET-14000) abolished**

When goods are imported in Belgium, in principle, import VAT is immediately due and needs to be paid to the Customs administration. The taxpayer can, afterwards, in his VAT-return, recover the VAT.

It was however possible to avoid the pre-financing of this VAT if the taxpayer applied for a VAT-import license and made a payment of a deposit (1/24th of the VAT due on the imports during the four quarters before the application). If these conditions were met, the payment of the import-VAT could be done through the periodic VAT-return and the deduction of the same amount could be done in the same VAT-return.

Meaning, the import VAT had no longer to be paid immediately to the Customs administration.

The financial impact of this pre-financing (the payment of a deposit) was however a competitive disadvantage, in comparison with the systems which were applicable in our neighbouring countries.

For this reason the government, within the framework of the economic re-activation (relanceplan), decided to abolish this deposit. The new regime, without payment in advance of a deposit, has become effective on January 1st 2013.

http://www.minfin.fgov.be

**Office space in Brussels amongst the most affordable**

Despite its ideal location in the center of Europe and status as the capital of the EU, office space in Brussels remains eminently affordable. That is the conclusion of a report published by Cushman & Wakefield last week.

The European quarter in Brussels ranks only 35th on Cushman & Wakefields’ list of most expensive office districts worldwide. The average annual rent is EUR 405 per square meter per year. The list was published in the consulting firm’s annual ‘Office Space Across the World’ report.
Comparable cities, like Milan, Amsterdam and Madrid are more costly. The West End in London is the most expensive place to rent an office (EUR 2,137 per square meter per year), followed by Hong Kong and Rio de Janeiro.