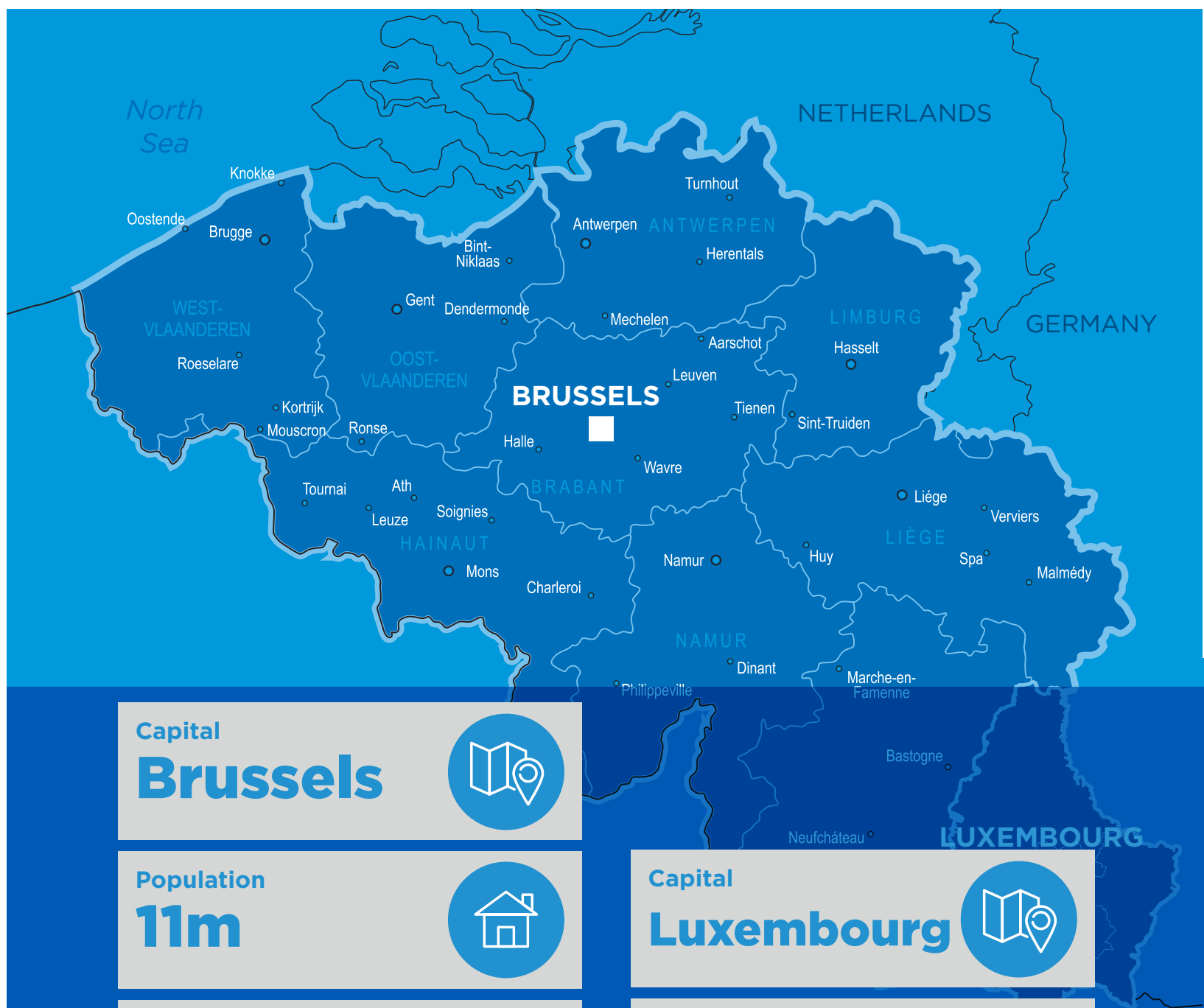




GOING GLOBAL **EXPORTING TO BELGIUM & LUXEMBOURG**

A guide for clients



Capital

Brussels



Population

11m



Unemployment

7.4%



Predicted economic growth for 2018

1.8%



GDP Growth for 2017

1.7%



GDP

€371bn



Capital

Luxembourg



Population

580,000



Unemployment

6.3%



GDP Growth for 2017

3.9%



GDP

€44bn



WHY EXPORT TO BELGIUM?



Belgium, with a population of more than 11 million people and a GDP of around Euro 371 billion, is a significant market. In addition, its unique position at the heart of Europe, both in political terms and as a transport hub, can offer significant strategic opportunities for Irish exporters.

It is a highly industrialised, competitive and open market, with an advanced economy. OECD data predicts growth will rise to 1.8% in 2018, up from 1.7% in 2017, and from around 1.3% in previous years. This improvement is the result of improved competitiveness and modest employment growth which is supporting household spending.

Thanks to its success in attracting foreign direct investment in previous decades, Belgium is home to a large number of US and Asian multinationals. Belgian companies are deeply integrated in the global economy, trading actively in intermediate goods. These account for two thirds of domestically produced value added, among the highest in the EU, while the share of final products is among the lowest. This trading profile is supported by its central location in the European continent and its well developed transportation network.

Belgian exports are expected to have grown by around Euro 508 billion by 2017, making Belgium the 14th largest exporter worldwide. Similarly, import demand is predicted to have grown by an average of 3.4% per year to Euro 481 billion by 2017, putting Belgium at 16th position on the global list of largest importers. Imports are predominantly made up of fuels, chemicals and other manufactured products, which together account for 41% of total imports to Belgium. Its exports consist mainly of chemicals, pharmaceuticals and fuels. Unemployment rate has fallen from 8.3 % in 2015 to 7.4 % in 2017. As a result of rapid de-industrialisation the share of manufacturing jobs has decreased, while the share of employment in non-market services has risen steadily.

More than 350 EI client companies are selling into Belgium, so why aren't you?

Exports to Belgium from Ireland totalled Euro 14.7 billion in 2016, an increase of 23% on the previous years. Imports of Belgian goods & services to Ireland amounted to Euro 1.3 billion, up 12%.

Irish exports to Belgium are predominantly in medical & pharmaceutical products and organic chemicals.

These two sectors combined represent 88% of all exports. Other important export products include ICT hardware, telecoms equipment and professional apparatus. Enterprise Ireland client companies exported Euro 373m (+11%) worth of goods to Belgium in 2016, with non food companies accounting for Euro 141m (+8%) of this.

Sectoral success

More than 300 multinational HQs are located between Brussels and Antwerp, which is Belgium's biggest and Europe's second biggest port. As well as being home to the centre of EU administration, in Brussels, Belgium has also attracted international organisations such as NATO and bank clearing house operator SWIFT. Antwerp is strong in the chemicals sector while Belgium generally has made great strides recently in the life sciences sector. It is now Europe's second largest pharmaceuticals manufacturer and innovative research is coming out of its third level sector. Belgian economic development plans focus on the following key sectors:

- Biotechnology
- Automotive sector
- Pharmaceuticals
- Agro-food sector
- Aerospace
- HQs of international organisations
- Environment
- ICT
- Transport and logistics

Regional variations

Belgium has a federal, regional structure. Culturally it is split between Dutch speaking Flanders in the North, French speaking Wallonia in the South and the Brussels region in the middle. Regions have autonomy in relation to such areas as economic development and education. Belgium has three official languages, Dutch, French and German, while proficiency in English is high across the country.

Its regional and multi-lingual status, plus the high presence of multinational headquarters, makes the country particularly attractive for companies wishing to test their strategy on a variety of markets with different business cultures.

Because English is widely spoken and the business environment is SME-friendly, it makes a very good first step onto mainland Europe for Irish exporters.



WHY EXPORT TO LUXEMBOURG?

Luxembourg, with a small population of just over 580,000 and GDP of more than Euro 44 billion, is a highly advanced economy with a competitive business environment. The second smallest EU Member State, surrounded by Belgium to the west, France to the south and Germany to the east, it is also home to a number of European institutions, including the European Court of Justice, European Court of Auditors, European Investment Bank and the General Secretariat of the European Parliament.

The country's economy is highly open and globalised, and the Grand Duchy of Luxembourg is a global finance and insurance hub.

The three official languages of Luxembourg are Luxembourgish, French and German, although proficiency in English is widespread. Strong economic growth and a favourable business climate make it an attractive place for doing business.

This small and high-income economy has historically featured solid growth, low inflation and low unemployment. Luxembourg's economic growth has grown from 3.3% in 2016 to a predicted 3.9% in 2017, with the highly developed financial services sector driving much of this. Unemployment is 6.3% and every day sees around 150,000 people commute to work in Luxembourg from surrounding countries.

Geographically, Luxembourg lies in an excellent position. The country has state-of-the-art road, rail and air transport facilities and services. Germany, France and Belgium, Luxembourg's nearest neighbours, account for over half of its two-way trade.

Luxembourg is ranked 14th on the global importers' list, with main imports including raw materials, machinery & equipment, chemicals, pharmaceuticals and foodstuffs. Luxembourg's main export industries are banking & finance, iron & steel, IT, communications and cargo transportation.

GET READY TO DO BUSINESS IN BELGIUM AND LUXEMBOURG

A little bit of desk research pays dividends in these markets which, for too long have been seen as one entity, BeNeLux, by Irish exporters. In fact, as well as different market opportunities, they each have regional variations and cultural subtleties that it pays dividends to know. For example, while the Dutch are more likely to pioneer and be open to new innovations and products, Belgium tends not to be an early adopter market.

Get the memo on meetings

- Be aware that in Belgium, you won't always be selling into a Belgian company. There is a high concentration of regional headquarters of multinationals, especially in areas such as IT, telecoms and professional services.
- Third party introductions, while not necessary, will often smooth the way.
- Belgium's different regional groups have distinct business cultures. In Flanders, business organisations are usually horizontal in nature, with simple structures and a consensus driven approach. Walloons favour structure, formal organisation, clear hierarchical systems and leadership from the top. Rules and procedures are important to Walloons, as are job titles and rank.
- In Belgium, first appointments are usually more social in nature, to establish a rapport and develop trust ahead of a possible business relationship. The Irish 'story telling' approach is generally appreciated.
- Punctuality is taken very seriously. Call to explain if you are delayed.
- Belgians are known for compromise, negotiation and common sense.
- Be well groomed, personal appearance matters in Belgian business culture.
- Equally, high quality graphics and marketing materials are important. Clear facts and figures are valued.

Common pitfalls

While English is widely spoken in both countries, be sensitive to regional cultural differences. Very often Irish people coming to Belgium to do business will brush up on their school French in a bid to impress the prospective client they are meeting.

But if that client is a Flemish speaker, he or she may take offence. In Wallonia, your contact may insist you make your presentation in French, not English.

In advance of any meeting, ask in advance what language will be spoken. It displays a sensitivity that your prospects will appreciate. Arrange an interpreter if necessary. The same care must be taken with the language used in printed materials.

While it is important to be aware of the regional/linguistic characteristics of the country are not considered to be a topic of conversation. Take your cue from your hosts as to the formality and style of the meeting.

When in Luxembourg

Privacy and reserve are often cited as hallmarks of the people of Luxembourg. Personal relationships are important, and business people often develop personal relationships with the people with whom they conduct business, but these take time to develop. French and German are the official languages but locals will often break out of these in meetings to speak to one another in Luxembourgish.

The business culture is hierarchical, so it's important to show proper respect and deference to people who have attained positions of rank. Appearing impatient is not helpful. In general, Luxembourgers value tact and diplomacy over directness and expect the same in return.

Punctuality is important. Meetings tend to be brief, with little chit chat. Business and private lives are kept separate and business discussions begin straight away.

Routes to market

Direct sales from Ireland

Unlike other markets, local representatives aren't always necessary. As a country heavily reliant on exports itself, Belgium is home to businesses that are naturally open to being prospected by international companies. However, as a general rule, your route to market will be smoother when you have a local partner and this usually leads to higher levels of sales, but you may have to sacrifice margin to do this.

Consultant/commercial agents

An agent is a self employed person who acts as an outsourced sales resource, and can be an attractive option in Belgium. They can help you build sales leads more quickly and can be useful if you need to obtain certification for your product. Enterprise Ireland can put you in touch with possible agents in the market. It can also broker contacts with business accelerators, experienced consultants with expertise. In Belgium you may need to employ different agents depending on the region you intend to target.

Partnerships

Partnership agreements with an established company can be a way to gain a foothold or build sales opportunities that might be difficult to crack as a new entrant. Ensure you have a proper agreement in place, setting clear targets and responsibilities.

Distribution/logistics

Having a distributor that purchases the product from you and resells it Belgium enables you to take advantage of their leads and potential clients. Belgium is particularly well served in this respect, with the port of Antwerp ensuring easy access for physical goods into the market. Distributors must be managed on an ongoing basis to ensure they are representing your brand effectively.

Joint ventures

Joint ventures and acquisitions can be a successful route to market in Belgium, gaining you a foothold in the market and bringing on board established contacts and market knowledge.

ENTERPRISE IRELAND CLIENTS PERFORMANCE IN BELGIUM & LUXEMBOURG

€373m

Enterprise Ireland client exports
from Ireland to Belgium
and Luxembourg



€232m

Enterprise Ireland
client food exports
in 2016



€49.2m

Enterprise Ireland client Lifesciences,
Paper, Engineering, Print,
Packaging, Cleantech
exports to Belgium
and Luxembourg



HELPING YOU WIN IN BELGIUM & LUXEMBOURG

Regional variety can yield significant advantages

With growth rates of around 1.7%, Belgium's economic performance may best be described as moderate, yet there are many unique reasons why Irish businesses should consider it as an export market.

Not alone is it home to the EU's main institutions, in Brussels, but it has been selected as the European HQ of some of the world's most biggest US and Asian multinationals. Furthermore, its unique regional, cultural and linguistic make-up means that, for consumer goods in particular, it can be an invaluable European test bed.

"There is enormous potential for EI clients selling to multinationals that have made their EU home here too, including pharmaceutical giants Pfizer and GSK," said Patrick Torrekens, market lead for Belgium and Luxembourg at Enterprise Ireland.

"We are seeing high growth sectors such as biotech coming through too, with a lot of really great research coming out of Belgian universities, and we are seeing some very interesting developments at ports such as Ghent and Zeebrugge."

Because of its location, a market entry strategy here could combine the Netherlands with the northern part of Belgium, he points out.

For its part, Luxembourg, a global hub for financial services and insurance, offers opportunities not just in relation to fintech, but, increasingly, regtech. This is the area that covers everything from risk management and cyber security to corporate social responsibility. "Regulation is growing so fast that automation is increasingly seen as the only way to manage it," he said.

Enterprise Ireland has identified a number of specific opportunities for Irish businesses in Belgium:

Construction products & services for the pharmaceutical and biotechnology sectors

For many years Irish companies offering a wide range of construction products and services have been successfully selling into the Belgian pharma industry. Often, pharma companies with a presence in Ireland have activities in Belgium as well. A booming biotechnology sector is now emerging strongly supported by federal and regional authorities.

Logistics & transport solutions

Antwerp is the second busiest port in Europe for cargo transport and together with Zeebrugge and Ghent constitutes a main entry point for global goods traffic into mainland Europe. The strength of the Belgian seaports, combined with its central geographical location has led to the establishment of important logistics plants along Belgium's Northern border. A high-speed rail infrastructure connects Belgium with major European cities such as London, Paris, Amsterdam, and Dusseldorf. Irish SMEs that offer solutions in the area of fleet management, engineering and work-flow management will find great opportunity within a limited geographical area.

International institutions & associations

Thanks to the presence of the European institutions, the Brussels area shows a high concentration of international associations representing a wide variety of industry sectors. Not only do they provide a wealth of information on their sectors, but these organisations are at the heart of many activities in their sectors and have support needs in terms of consultancy and marketing services. Working with associations is often a good entrance into the main players in a sector. This constitutes an opportunity for Irish SMEs active in social media, marketing services and market research.

International multinational HQs

Belgium has attracted a strong base of regional HQs of US and Asian companies. These entities deploy coordination, commercial, and operational activities from locations mainly in the Antwerp and Brussels areas. Companies like Toyota, Honeywell, Unisys, Volvo, Honda and others have main operations in the country. This group of organisations – estimated at over 300 in Belgium – constitutes a major opportunity for Irish SMEs active in the software & services industry and the communications sector.

Banking on Brexit

Post Brexit, Luxembourg is hoping to take advantage of an anticipated migration of financial services business from London. This could present Irish fintech and regtech companies with export opportunities.

Already the country's financial sector accounts for a quarter of Luxembourg's GDP. Specialisation in banking and especially in cross-border fund administration helped drive the country's recovery post-crisis. In addition, the high wages that come from this sector help fuel high domestic demand, creating a plethora of other opportunities for Irish firms wishing to export to Luxembourg.

Exports to Luxembourg from Ireland in 2015 amounted to €78m, most of which were electronics and machinery. On the other hand, imports of Luxembourgish goods & services to Ireland amounted to Euro 37m in 2016, the highest share were intermediate and consumer goods.

Before you go...

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - How does your target market make buying decisions? Who are the relevant decision-makers - what are their job title and responsibilities?

Market Segmentation - Who are your most likely customers, where they are located, how and what else do they currently buy, who are their influencers and what 'need' are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare with and differ from yours?

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Belgian and Luxembourg markets.

Enterprise Ireland's **Market Research Centre** offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.

See www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available.

Helping you succeed

Enterprise Ireland assists clients entering new markets with

Pre Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Access to translation and interpreting services
- Introductions to specialists in all areas, including legal, recruitment, PR and taxation

Access to mentors

Enterprise Ireland has built up an excellent network of individuals in these markets who are available to work with Irish client companies looking to develop their business. This includes market and sector specialists, business accelerators and members of Irish business associations.

For further information on the services of Enterprise Ireland overseas, please go to

<http://www.enterprise-ireland.com/en/Export-Assistance/>

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Ireland's European Structural and Investment Funds Programmes 2014-2020.
Co-funded by the Irish Government and the European Union.

© Enterprise Ireland April 2017 - (370)