BELGIUM

INVESTMENT CLIMATE STATEMENT

2015

Table of Contents

Executive Summary

The Kingdom of Belgium (Belgium) is a nation located in Western Europe. In 2015, the Belgian economy is expected to grow 1.1 percent, this is likely driven by rising household consumption and business investment. Lower energy prices and interest rates, and a favorable EUR/USD exchange rate are all expected to stimulate economic growth expectations and fuel exports, especially given Belgium's unique position as a gateway hub to Europe. However, the recovery remains fragile: weak consumer confidence, low competitiveness and continued economic slowdown in the euro area may constrain growth prospects, and a highly rigid labor market and complicated tax regime remain impediments to investment.

Assets

Belgium boasts an open market well connected to the major economies of the world. As a logistical gateway to Europe, host to EU institutions, and a central location closely tied to the major European economies, Belgium is an attractive market and platform for U.S. investors. The Belgian government was active in the rescue of its major banks and the financial markets have largely stabilized, following reductions in bank debt and exposure to high-risk derivative markets. Foreign and domestic investors are expected to take advantage of improved credit opportunities and increased consumer and business confidence. Belgium is a highly developed, long-time economic partner of the United States that benefits from an extremely well-educated workforce, world-renowned research centers, and the infrastructure to support the broad range of economic activities.

Liabilities

Belgium's international competitiveness has been hindered by a rigid labor market that makes their workforce relatively more expensive compared to neighboring countries. Belgium's corporate tax rate at 33.99 percent is one of the highest in Europe and is only somewhat mitigated by a series of subsidies and tax deductions. The ongoing Sixth State Reform has slowly been shifting certain responsibilities from the federal to the regional governments. However, it is not yet clear how these evolving responsibilities may affect some of the incentives and deductions in place.

On Balance

Belgium has a dynamic economy and continues to attract significant levels of investment in chemicals, petrochemicals, plastic and composites; environmental technologies; food processing and packaging; health technologies; information and communication; and textiles, apparel and sporting goods, among other sectors. Over the past few years, Belgium has lost some of its traditional manufacturing base, which had benefitted from U.S. investment. Over the past five years for instance, the U.S. automotive industry has almost completely pulled out of Belgium. American companies in particular have made recent investments in petrochemicals, health technologies, and information and communication.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Belgium has traditionally maintained an open economy that is highly dependent on international trade for its well being. Since WWII, foreign investment has played a vital role in the Belgian economy, providing technology and employment. Though the federal government regulates important elements of foreign direct investment such as salaries and labor conditions, it is primarily the responsibility of the regions to attract foreign direct investment (FDI). Flanders Investment and Trade (FIT), Wallonia Foreign Trade and Investment Agency (AWEX) and Brussels Invest and Export, seek to attract FDI to Flanders, Wallonia and the Brussels Capital Region, respectively. Foreign corporations account for about one-third of the top 3,000 corporations in Belgium.

Other Investment Policy Reviews

More detail on Belgium's investment policies is available through the World Bank's "Doing Business 2015" Economic Profile and the Economist's Intelligence Unit.

Laws/Regulations of Foreign Direct Investment

Belgium provides national treatment to foreign investors. Belgium has no debt-to-equity requirements. Dividends may be remitted freely except in cases in which distribution would reduce net assets to less than paid-up capital. No further withholding tax or other tax is due on repatriation of the original investment or on the profits of a branch, either during active operations or upon the closing of the branch.

Industrial Promotion

The regional investment promotion agencies, including Flanders Investment and Trade (FIT), Wallonia Foreign Trade and Investment Agency (AWEX) and Brussels Invest and Export, have focused their industrial strategy on key sectors including aerospace and defense; agribusiness, automotive and ground transportation; architecture and engineering; chemicals, petrochemicals, plastics and composites; environmental technologies; food processing and packaging; health technologies; information and communication; and services.

Limits on Foreign Control

There are generally no limits on foreign control in Belgium. That said, some restrictions apply in sensitive sectors.

Maritime transport: The King, in line with the practice of major maritime countries, determines the conditions of ship registration (the right to fly the national flag). The acquisition of Belgian flag vessels is prohibited by shipping companies not having their principal office in Belgium.

Inland waterways: The right to carry out transport of goods and persons between two points on the inland waterways covered by the Revised Convention for the navigation on the Rhine is reserved to vessels owned by either nationals of Contracting States of that Convention or Member States of the EU, or companies based on the territory of any of these States, which are owned in majority and controlled by nationals of these States.

Aviation: Airlines established Belgium must be majority owned and effectively controlled by EU states and/or nationals of EU states, unless otherwise provided for through an international agreement to which the EU is a signatory.

Public works: Contracts for public works when 25 per cent or more is financed or subsidized by the state or another public authority can only be awarded to the following: (1) private persons, who must be of Belgian nationality or from another EU Member state, and must be established within the EU; (2) companies, which must be organized in conformity with Belgian legislation or that of another EU Member state, and must either have their central administration or principal establishment within the EU or must have their headquarters within the Community, on the condition that their activity has an effective link with the economy of an EU Member state.

Privatization Program

Belgium currently has no privatization programs.

Screening of FDI

The Belgian federal government does not screen, review or approve foreign investment projects.

Competition Law

The contact address for competition-related concerns:
Federal Competition Authority
City Atrium, 6th floor
Vooruitgangsstraat 50
1210 Brussels
tel: +32 2 277 5272
fax: +32 2 277 5323
email: info@bma-abc.be

Investment Trends

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	15 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	42 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	23 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 46,878	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

Belgium is a member of the Eurozone. Payments and transfers within Belgium and with foreign countries require no prior authorization.

Remittance Policies

Belgium has no debt-to-equity requirements. Dividends may be remitted freely except in cases in which distribution would reduce net assets to less than paid-up capital. No further withholding tax or other tax is due on repatriation of the original investment or on the profits of a branch, either during active operations or upon the closing of the branch.

3. Expropriation and Compensation

There are no outstanding expropriation or nationalization cases in Belgium with U.S. investors. There is no pattern of discrimination against foreign investment in Belgium.

When the Belgian government uses its eminent domain powers to acquire property compulsorily for a public purpose, adequate compensation is paid to the property owners. Recourse to the courts is available if necessary. The only expropriations that occurred during the last decade were related to infrastructure projects such as port expansion, roads, and railroads. In the future, expropriations to reserve space for nuclear waste storage are still expected, but the sites will not be near areas of existing economic activity. The government of Belgium has decreed that all nuclear power plants will be closed by 2025.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Belgium's legal system is independent of the government and is a means for resolving commercial disputes or protecting property rights. As in many countries, the Belgian courts labor under a growing caseload, and backlogs cause delays. There are several levels of appeal.

Bankruptcy

Belgian bankruptcy law is governed by the Bankruptcy Act of 1997 and is under the jurisdiction of the commercial courts. The commercial court appoints a judge-auditor to preside over the bankruptcy proceeding and whose primary task is to supervise the management and liquidation of the bankrupt estate, in particular with respect to the claims of the employees. Belgian bankruptcy law recognizes several classes of preferred or secured creditors. A person who has been declared bankrupt may subsequently start a new business unless the person is found guilty of certain criminal offences that are directly related to the bankruptcy. The Business Continuity Act of 2009 provides the possibility for companies in financial difficulty to enter into a judicial reorganization. These proceedings are to some extent similar to Chapter 11 as the aim is to facilitate business recovery.

Investment Disputes

Over the past 10 years, there have been no investment disputes involving a U.S. person.

International Arbitration

In September 2013, Belgium adopted a new law designed to modernize the Belgian arbitration process. Belgium is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention), and as such the government accepts international arbitration to resolve investment disputes.

ICSID Convention and New York Convention

Belgium is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Belgium has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)

Duration of Dispute Resolution

The court system is divided up by regions, and the duration of investment and commercial dispute proceedings can vary, taking months or years to resolve. The delays are generally attributed to a shortage of judges to rule on cases, resulting in long waits for hearing dates.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Belgium is a World Trade Organization (WTO) member and does not maintain any measures that are inconsistent with their obligations related to Trade-Related Investment Measures (TRIMs).

Investment Incentives

Since the law of August 1980 on regional devolution in Belgium, investment incentives and subsidies have been the responsibility of Belgian's three regions: Brussels, Flanders, and Wallonia. Most tax measures remain under the control of the federal government, as do the parameters (social security, wage agreements) that govern general salary and benefit levels. In general, all regional and national incentives are available to foreign and domestic investors alike.

Belgian investment incentive programs at all levels of government are limited by EU regulations and are normally kept in line with those of the other EU member states. The European Commission has tended to discourage certain investment incentives in the belief that they distort the single market, impair structural change, and threaten EU convergence, as well as social and economic cohesion. For example, the number of underdeveloped areas that can qualify for investment subsidies in Belgium has been steadily reduced. In their investment policies, the regions emphasize innovation promotion, research and development, energy savings, environmental stewardship, exports, and most of all, employment. The three regional agencies have staff specializing on specific regions of the world, including the United States, and have representation offices in different countries. In addition, the Finance Ministry established a foreign investment tax unit in 2000 to provide assistance and to make the tax administration more "user friendly" to foreign investors.

In 2005, the Belgian Federal Finance Ministry proposed a new investment incentive program in the form of a notional interest rate deduction. This was adopted by Parliament, and since January 1, 2006, the new tax law permits any corporation established in Belgium, both foreign and domestic, to deduct from its taxable profits a percentage of its adjusted net assets linked to the rate of the Belgian long-term state bond. The law permits all companies operating in Belgium to deduct the "notional" interest rate that would have been paid on their locally invested capital had it been borrowed at a rate of interest equal to the current rate the Belgian government pays on its 10-year bonds. This amount is deducted from profits, thus lowering nominal Belgian corporate taxes (currently 33.99 percent). In 2011, the notional interest was set at 3.8 percent for corporations. The applicable interest rate is adjusted annually, but will never be allowed to vary more than one percent (100 basis points) in one year nor exceed 6.5 percent. For 2015 the rate will be 2.63 percent for large corporations and 3.13 percent for SMEs.

Research and Development

Belgium has made an effort to encourage companies to carry out research and development (R&D) activities within the country. At both the federal and regional government levels, there are incentives in the form of tax allowances and direct stipends to offset the cost of employing researchers. Regional governments offer incentives to offset the cost of creating patents as well as some exemptions on income generated from the sales of goods subjected to proprietary patents. There are also ways in which a company can deduct a percentage of what it invests in R&D and energy-saving improvements from its taxable base.

More information on incentives by region is available at: www.investinbrussels.com (Brussels),www.flandersinvestmentandtrade.com (Flanders), and www.investinwallonia.be (Wallonia).

Performance Requirements

Performance requirements in Belgium usually relate to the number of jobs created. There are no known cases where export targets or local purchase requirements were imposed, with the exception of military offset programs, which were reintroduced in 2006. While the government reserves the right to reclaim incentives if the investor fails to meet his employment commitments, instances of enforcement are rare. However, in 2012, with the announced closure of an automotive plant in Flanders, the Flanders regional government successfully reclaimed training subsidies that had been provided to the company.

Data Storage

There is currently no requirement for foreign IT providers to share source code and/or provide access to surveillance agencies. There is for the moment no forced localization, but the European Parliament currently is considering legislative steps in that direction.

6. Right to Private Ownership and Establishment

Both domestic and foreign private entities have the right to establish business enterprises. This right is well established in Belgium's constitution and in law. The right to acquire or sell interests in business enterprises is similarly protected by law.

No restrictions in Belgium apply specifically to foreign investors. Foreign interests may enter into joint ventures and partnerships on the same basis as domestic parties, except for sensitive maritime and aviation sectors, and certain professions, such as doctors, lawyers, accountants and architects. Additional verification is required to confirm the equivalence education and training in these professions because they are subject to liability claims. All investors, Belgian or foreign, must obtain special permission to open department stores, provide transportation and security services, cut and polish diamonds, or sell firearms and ammunition. Food safety regulations require all organizations in Belgium involved in food production (packaging, wholesale, and retail) to obtain a permit from the Belgian Federal Food Administration.

There is competitive equality between public and private enterprises with respect to market access, credit, and other business operations, such as licenses and supplies; however, public enterprises such as the Belgian railroads are often exempt from VAT.

7. Protection of Property Rights

Real Property

Property rights in Belgium are well protected by law; the courts are independent and considered effective in enforcing property rights. Mortgages and liens exist through a reliable recording system operated by the Belgian notaries.

Intellectual Property Rights

While Belgium generally meets very high standards in the protection of intellectual property rights (IPR), rights granted under specific American patent, trademark, or copyright law can only be enforced in the United States, its territories, and possessions. The European Union has taken a number of initiatives to promote intellectual property protection, but in cases of non-implementation, national laws continue to apply. Despite legal protection of intellectual property, Belgium experiences a rate of commercial and private infringement – particularly with internet music piracy and illegal copying of software – similar to most EU states.

All intellectual property rights are administered and enforced by the Belgian Office of Intellectual Property in the Ministry for Economic Affairs (http://economie.fgov.be/en/entreprises/Intellectual_property/Aspects_institutionnels_et_pratiques/OPRI/). The Office of Intellectual Property, Directorate General Regulation and Market Organisation (ORPI) administers intellectual property in Belgium. The Director General is Mr. Emmanuel Pieters. This office manages and provides Belgian intellectual property titles, informs the public about IPR, drafts legislation and advises Belgian authorities with regard to national and international issues.

Enforcement of IPR is in the hands of the Belgian Ministry of Justice. For additional information about treaty obligations and points of contact at local IP offices, please see the World Intellectual Property Organization's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

Belgium does not track and report publicly on the seizure of counterfeit goods. For additional information about treaty obligations and points of contact a local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

A list of English-speaking attorneys in Belgium can be found at this link: http://photos.state.gov/libraries/belgium/8548/cons/Lawyer%20list%202012%20update%20december_001.pdf. The U.S. Embassy in Brussels assumes no responsibility or liability for the professional ability or reputation of, or the quality of services provided by, the persons or firms on the list.

8. Transparency of the Regulatory System

The Belgian government has adopted a generally transparent competition policy. The government has implemented tax, labor, health, safety, and other laws and policies to avoid distortions or impediments to the efficient mobilization and allocation of investment, comparable to those in other EU member states. Nevertheless, foreign and domestic investors in some sectors face stringent regulations designed to protect small- and medium-sized enterprises. Many companies in Belgium also try to limit their number of employees to 49, the threshold above which certain employee committees must be established, such as for safety and trade union interests.

Recognizing the need to streamline administrative procedures in many areas, the federal government set up a special task force to simplify official procedures. It also agreed to streamline laws regarding the telecommunications sector into one comprehensive volume after new entrants in this sector had complained about a lack of transparency. It also beefed up its Competition Policy Authority with a number of renowned academic experts and additional resources. The American Chamber of Commerce has called attention to the adverse impact of cumbersome procedures and unnecessary red tape on foreign investors, although foreign companies do not appear to be impacted more than Belgian firms.

In 2012, the government and the pharmaceutical sector negotiated an agreement to lower the government's healthcare costs. In exchange for the government agreeing to an accelerated the approval process for new medicines, the pharmaceutical sector agreed to price decreases and price ceilings on certain types of medicine, requesting government reimbursements based on actual quantities of medicine used, paying taxes on marketing activities and decreasing the volume of prescriptions.

9. Efficient Capital Markets and Portfolio Investment

Belgium has in place policies to facilitate the free flow of financial resources. Credit is allocated at market rates and is available to foreign and domestic investors without discrimination. Belgium is fully served by the international banking community and is implementing all relevant EU financial directives.

Belgium claims to have established the world's first stock market almost 600 years ago, and the bourse is well-established today. At the end of 2000, the Brussels stock market merged with the Paris and Amsterdam bourses into Euronext, a Pan-European stock-trading platform. In 2006, Euronext and NY Stock Exchange shareholders voted to merge the two exchanges. On Euronext, a company may increase its capital either by capitalizing reserves or by issuing new shares. An increase in capital requires a legal registration procedure, and new shares may be offered either to the public or to existing shareholders. A public notice is not required if the offer is to existing shareholders, who may subscribe to the new shares directly. An issue of bonds to the public is subject to the same requirements as a public issue of shares: the company's capital must be entirely paid up, and existing shareholders must be given preferential subscription rights.

In Belgium, there are many cases of cross-shareholding and stable shareholder arrangements but never with the express intent to keep out foreign investors. Likewise, anti-takeover defenses are designed to protect against all potential hostile takeovers, not only foreign hostile takeovers.

Money and Banking System, Hostile Takeovers

Because the Belgian economy is directed toward international trade, more than half of its banking activities involve foreign countries. Belgium's major banks are represented in the financial and commercial centers of dozens of countries by subsidiaries, branch offices, and representative offices.

Belgium has one of the highest number of banks per capita in the world. The banking system is considered sound but was particularly hard hit by the financial crisis that began in the fall of 2008, when federal and regional governments had to step in with lending and guarantees for the three largest banks. Following a review of the 2008 financial crisis, the Belgian government decided in 2012 to shift the authority of bank supervision from the Financial Market Supervision Authority (FMSA) to the National Bank of Belgium (NBB).

Under pressure from the European Union, bank debt has decreased in volume overall, from close to 1.6 trillion euros in 2007 to just over 1 trillion euros in 2014, according to the National Bank of Belgium, particularly in the risky derivative markets. Meanwhile, the Belgian banking sector posted a profit of 3.5 billion euros in the first nine months of 2014, significantly higher than the previous years (1.6 billion euros in 2013), but less than the 5.6 billion euros posted in 2010.

The country's banks use modern, automated systems for domestic and international transactions. The Society for Worldwide Interbank Financial Telecommunications (SWIFT) has its headquarters in Brussels. Euroclear, a clearing entity for transactions in stocks and other securities, is also located in Brussels.

Financial services: Prior authorization by the Ministry of Finance required for public issues, offers for sale on the security market, listing on stock exchanges and other financial instruments created by a private person, a company or an institution under non-EU control, as well as offers for sale of Belgian securities by a private person, a company or an institution under non-EU control.

Belgium places restrictions on the purchase of money market securities abroad by residents. This applies to:

i. money market securities, not traded on a regulated foreign financial market, negotiable within a period exceeding 3 months, excepting securities issued by financial institutions headquartered in the EU, if these assets are to form part of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
ii. money market securities, not traded on a regulated foreign financial market, issued by financial institutions headquartered within the EU, if these assets are to form more than 20 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
iii. money market securities, not traded on a regulated market, negotiable within a period not exceeding 3 months, excepting securities issued by financial institutions headquartered in the EU, if these assets are to form more than 10 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;

iv. money market securities, not traded on a regulated market, negotiable within a period not exceeding 3 months, issued by financial institutions headquartered within the EU if these assets are to form more than 20 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund.

Belgium limits those operations in negotiable instruments and non-securitized claims. This applies to:

i. purchase of or swap operations in instruments and claims, not traded on a regulated foreign financial market, negotiable within a period exceeding 3 months, excepting liabilities of financial institutions headquartered in the EU, if these assets are to form part of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
ii. purchase of or swap operations in instruments and claims, not traded on a regulated foreign financial market, negotiable within a period exceeding 3 months, issued by financial institutions headquartered within the EU, if these assets are to form more than 20 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
iii. purchase of or swap operations in instruments and claims, not traded on a regulated foreign financial market, negotiable within 3 months, excepting liabilities of financial institutions headquartered within the EU, if these assets are to form more than 10 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
iv. purchase of or swap operations in instruments and claims, not traded on a regulated foreign financial market, issued by financial institutions headquartered within the EU, if these assets are to form more than 20 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund.

Belgium limits financial credits and loans granted by residents to non-residents in the case of insurance companies and pension funds:

i. credits and loans granted to non-resident borrowers, other than financial institutions headquartered in the EU, with a residual maturity exceeding 3 months if these assets are to form more than 10 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund;
ii. credits and loans granted to non-resident financial institutions headquartered in the EU, with a residual maturity exceeding 3 months if these assets are to form more than 20 per cent of the cover of the technical reserves of an insurance company or of the assets representative of the liabilities of a private pension fund.

10. Competition from State-Owned Enterprises

Theoretically State Owned Enterprises (SOEs) and private enterprises compete under the same terms and conditions; however, since the EU started to liberalize network industries such as electricity, gas, water, telecoms and railways, there have been ongoing complaints in Belgium about unfair competition from the former state monopolies. Complaints have ranged from lower salaries (railways) to lower VAT rates (gas and electricity) to regulators with a conflict of interest (telecom). Although these complaints have now largely subsided, many of these former monopolies are now market leaders in their sector, due mainly to their ability to continue to charge high access costs to networks depreciated years ago.

OECD Guidelines on Corporate Governance of SOEs

As a member to the Organization of Economic Cooperation and Development (OECD,) Belgium adheres to its Principles of Corporate Governance and the related SOE Guidelines. Nonetheless, corporate governance at the boards of recently-liberalized former network monopolies is still deficient: board seats are occupied by representatives of the governing political parties in proportion to their representation in Parliament, and some board members report directly to cabinet ministers.

Sovereign Wealth Funds

Belgium has a sovereign wealth fund (SWF) in the form of the Federal Participation Company, a quasi-independent entity created in 2004 and now mainly used as a vehicle to manage the banking assets, which were taken on board during the 2008 banking crisis. The SWF has a board whose members reflects the composition of the governing coalition and is regularly audited by the Court des Comptes or national auditor. Due to the origins of the fund, it is mainly invested domestically. Its role is to allow public entities to recoup their investments and support Belgian banks. The SWF is required by law to publish an annual report subject all domestic and international accounting standards and rules. The SWF routinely fulfills all legal obligations.

11. Corporate Social Responsibility

There is a general awareness of corporate social responsibility (CSR) among companies and consumers in Belgium. Boards of directors are encouraged to pay attention to CSR in the 2009 Belgian Code on Corporate Governance.

OECD Guidelines for Multinational Enterprises

The Belgian government encourages both foreign and local enterprises to follow the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, in implementing a risk-based due diligence approach to corporate social responsibility. The office of the Belgium National Contact Point (NCP) for the OECD Guidelines is located in the "Service Publique Federal Economie PME, Classes moyennes et Energie". It is active in promoting the Guidelines and is comprised of representatives of federal and regional authorities, business associations and trade unions:

http://mneguidelines.oecd.org/ncps/belgium.htm

12. Political Violence

Belgium is a peaceful, democratic nation comprised of federal, regional, and municipal political units: the Belgian federal government, the regional governments of Flanders, Wallonia, and the Brussels capital region, and 589 communes (municipalities). Political divisions do exist between the Flemish and Walloons, but they are addressed in democratic institutions and generally resolved through compromise.

13. Corruption

In March 1999, Belgian anti-bribery legislation was revised completely, and the competence of Belgian courts was extended to extraterritorial bribery. Bribing foreign officials is a criminal offense in Belgium. Belgium has been a signatory to the OECD Anti-Bribery Convention since 1999, and is a participating member of the OECD Working Group on Bribery. In the Working Group's Phase 3 review of Belgium in 2013 it called on Belgium to address the lack of resources available for fighting foreign bribery.

Under Article 3 of the Belgian criminal code, jurisdiction is established over offenses committed within Belgian territory by Belgian or foreign nationals. Act 99/808 added Article 10 related to the code of criminal procedure. This Article provides for jurisdiction in certain cases over persons (foreign as well as Belgian nationals) who commit bribery offenses outside the territory of Belgium. Various limitations apply, however. For example, if the bribe recipient exercises a public function in a EU member state, Belgian prosecution may not proceed without the formal consent of the other state.

Under the 1999 Belgian law, the definition of corruption was extended considerably. It is considered passive bribery if a government official or employer requests or accepts a benefit for him or herself or for somebody else in exchange for behaving in a certain way. Active bribery is defined as the proposal of a promise or benefit in exchange for undertaking a specific action. Until 1999, Belgian anti-corruption law did not cover attempts at passive bribery. The most controversial innovation of the 1999 law was the introduction of the concept of 'private corruption,' or corruption among private individuals.

Corruption by public officials carries heavy fines and/or imprisonment between 5 and 10 years. Private individuals face similar fines and slightly shorter prison terms (between six months and two years). The current law not only holds individuals accountable, but also the company for which they work. Contrary to earlier legislation, the 1999 law stipulates that payment of bribes to secure or maintain public procurement or administrative authorization through bribery in foreign countries is no longer tax deductible. Recent court cases in Belgium suggest that corruption is most serious in government procurement and public works contracting. American companies have not, however, identified corruption as a barrier to investment.

The responsibility for enforcing corruption laws is shared by the Ministry of Justice through investigating magistrates of the courts, and the Ministry of the Interior through the Belgian federal police, which has jurisdiction in all criminal cases. A special unit, the Central Service for Combating Corruption, has been created for enforcement purposes but continues to lack the necessary staff.

The Belgian Employers Federation encourages its members to establish internal codes of conduct aimed at prohibiting bribery. To date, U.S. firms have not identified corruption as an obstacle to FDI.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Belgium has signed and ratified the UN Anticorruption Convention of 1998, and is also party to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Office of the Federal Prosecutor of Belgium
Portalissite
Quatre Brasstraat 4, 1000 Brussels
tel: +32 2 508 7111
fax: +32 2 508 7097

Transparency International Belgium
Emile Jacqmainlaan 135, 1000 Brussels
tel: +32 479 239490
email: infoa@transparencybelgium.be

14. Bilateral Investment Agreements

Belgium's investment-related issues with the United States are covered in the 1951 Treaty of Friendship, Enterprise and Navigation. Belgium has bilateral investment treaties in force with Albania, Algeria, Argentina, Armenia, Bangladesh, Bolivia, Burkina Faso, Burundi, Chile, China, Croatia, Cyprus, Democratic Republic of the Congo, Egypt, El Salvador, Philippines, Gabon, Georgia, Hong Kong, India, Indonesia, Yemen, Cameroon, Kazakhstan, Kuwait, Korea, Lebanon, Lithuania, Macedonia, Morocco, Mexico, Moldavia, Mongolia, Ukraine, Uzbekistan, Paraguay, Romania, Rwanda, Saudi Arabia, Singapore, South Africa, Sri-Lanka, Thailand, Czech Republic, Tunisia, Uruguay, Russia, Venezuela, and Vietnam.

Additionally, Belgium and Luxembourg have jointly signed (as The Belgium Luxembourg Economic Union – BLEU) as-yet-unimplemented agreements with Cuba, Liberia, Mauritania, and Thailand. Belgium and Luxembourg also have joint investment treaties with Poland and Russia, but these are not BLEU agreements. All these agreements provide for mutual protection of investments.

Bilateral Taxation Treaties

In 2006, the United States and Belgium signed the convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income. In relation to this convention the two countries also entered into a memorandum of understanding (MOU) where they agreed that any state-to-state dispute arising from the convention, including its application, could be submitted to international arbitration.

15. OPIC and Other Investment Insurance Programs

Due to Belgium's developed country status, it does not qualify for Overseas Private Investment Corporation (OPIC) programs. No other countries operate investment insurance programs in Belgium.

16. Labor

In 2014, there were noteworthy proposed changes to the Belgian labor law, though many of the main structural conditions would remain in place. The government plans to increase the retirement age from the current age of 65 to 66 as of 2027 and 67 as of 2030. It remains to be seen whether these belated changes will be sufficient to cover the growing pension costs of an ageing population.

Under the plan various schemes of early retirement before the age of 65 will be gradually phased out, and unemployment benefits will decrease over time as an incentive for the unemployed to regain employment. Historically, unemployment benefits do not expire and some unemployed have lived off the benefits until death. During 2015 budget negotiations the government and labor agreed to skip the 2015 automatic wage adjustment, but the process of automatic wage indexation will resume in 2016.

Wage increases are negotiated by sector within the parameters set by automatic wage indexation and the 1996 Law on Competitiveness. The purpose of automatic wage indexation is to establish a bottom margin that protects employees against inflation: for every increase in consumer price index above 2 percent, wages must be increased by (at least) 2 percent as well. The top margin is determined by the competitiveness law, which requires the Central Economic Council (CCE) to study wage projections in neighboring countries and make a recommendation on the maximum margin that will ensure Belgian competitiveness. The CCE is made up of civil society organizations, primarily representatives from employer and employee organizations, and its mission is to promote socio-economic agreements in Belgium by providing informed recommendations to the government. The CCE's projected increases in neighboring countries have historically been higher than their real increases, however, and have caused Belgium's wages to increase more rapidly than its neighbors.

The Belgian labor force is generally well trained, highly motivated and very productive. Workers have an excellent command of foreign languages, particularly in Flanders. There is a low unemployment rate among skilled workers, such as local managers. Enlargement of the EU in May 2004 and January 2007 facilitated the entry of skilled workers into Belgium from new member states. However, registration procedures were required until mid-2009 for entrants from some new EU member states. Non-EU nationals must apply for work permits before they can be employed. Minimum wages vary according to the age and responsibility level of the employee and are adjusted for the cost of living.

Belgian workers are highly unionized and usually enjoy good salaries and benefits. Belgian wage and social security contributions, along with those in Germany, are among the highest in Western Europe. For 2014, Belgium's harmonized unemployment figure was 8.5 percent, below the EU28 average of 10.2 percent (OECD). High wage levels and pockets of high unemployment coexist, reflecting both strong productivity in new technology sector investments and weak skills of Belgium's long-term unemployed, whose overall education level is significantly lower than that of the general population. As a consequence of high wage costs, employers have tended to invest more in capital than in labor. At the same time, a shortage exists of workers with training in computer hardware and software, automation and marketing, increasing wage pressures in these sectors.

Belgian's comprehensive social security package is composed of five major elements: family allowance, unemployment insurance, retirement, medical benefits and a sick leave program that guarantees salary in event of illness. Currently, average employer payments to the social security system stand at 35 percent of salary while employee contributions comprise 13 percent. In addition, many private companies offer supplemental programs for medical benefits and retirement.

Belgian labor unions, while maintaining a national superstructure, are, in effect, divided along linguistic lines. The two main confederations, the Confederation of Christian Unions and the General Labor Federation of Belgium, maintain close relationships with the Christian Democratic and Socialist political parties, respectively. They exert a strong influence in the country, politically and socially. A national bargaining process covers inter-professional agreements that the trade union confederations negotiate biennially with the government and the employers' associations. In addition to these negotiations, bargaining on wages and working conditions takes place in the various industrial sectors and at the plant level. About 51 percent of employees from the public service and private sector are labor union members. A cause for concern in labor negotiation tactics is isolated cases where union members in Wallonia have resorted to physically forcing management to stay in their offices until an agreement can be reached.

Foreign firms, which generally pay well, usually enjoy harmonious labor relations. Nonetheless, problems can occur, particularly in connection with the shutting down or restructuring of operations. The last few months of 2014 witnessed several politically inspired one-day symbolic strikes or work slowdowns but occasionally industrial actions last longer. These labor actions have not appeared to affect foreign (including U.S.) firms any more than Belgian firms in recent years.

Firing a Belgian employee can be very expensive. An employee may be dismissed immediately for cause, such as embezzlement or other illegal activity, but when a reduction in force occurs, the procedure is far more complicated. In 2013, Belgium passed legislation to harmonize severance procedures for white-collar and blue-collar workers, though its implementation is being phased in over time. In those instances where the employer and employee cannot agree on the amount of severance pay or indemnity, the case is referred to the commercial courts for a decision. Belgium has ratified all eight ILO core conventions and implements them through national law.

Belgium was one of the first countries in the EU to harmonize its legislation with the EU Works Council Directive of December 1994.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

There are no foreign trade zones or free ports as such in Belgium. However, the country utilizes the concept of customs warehouses. A customs warehouse is a warehouse approved by the customs authorities where imported goods may be stored without payment of customs duties and VAT. Only non-EU goods can be placed under a customs warehouse regime. In principle, non-EU goods of any kind may be admitted, regardless of their nature, quantity, and country of origin or destination. Individuals and companies wishing to operate a customs warehouse must be established in the EU and obtain authorization from the customs authorities. Authorization may be obtained by filing a written request and by demonstrating an economic need for the warehouse.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($B USD)	2014	513	2014	524.8	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2012	46	2013	48	BEA
Host country's FDI in the United States ($M USD, stock positions)	2012	87	2013	65	BEA
Total inbound stock of FDI as % host GDP	2012	9.0%	2013	9.1%	

* Host Country Source: National Bank of Belgium. The National Bank of Belgium looks at foreign direct investment from a national income account perspective. Belgium makes no distinction as to the nationality of the parent of investing companies, rather refers to the individual investing company's geographic location.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	583,669	100%	Total Outward	501,913	100%
Luxembourg	213,854	37%	Luxembourg	166,945	33%
France	178,679	31%	Netherlands	101,398	20%
Netherlands	143,145	25%	France	48,516	10%
Switzerland	17,728	3%	United Kingdom	41,505	8%
Japan	16,109	3%	United States	41,238	8%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	726,600	100%	All Countries	289,496	100%	All Countries	437,103	100%
Luxembourg	179,803	25%	Luxembourg	156,439	54%	France	97,229	22%
France	137,196	19%	France	39,968	14%	Netherlands	74,488	17%
Netherlands	83,983	12%	Germany	21,944	8%	Italy	32,847	8%
Germany	53,260	7%	United States	17,619	6%	Germany	31,316	7%
United States	39,354	5%	United Kingdom	7,473	3%	Ireland	29,142	7%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

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