

FOCUS ON INTERNATIONAL TRADE

BELGIUM

THE KINGDOM OF BELGIUM TODAY

Location	The Kingdom of Belgium lies in northwestern Europe, bounded to the north by the Netherlands, to the east by Luxembourg and Germany, to the south by France, and to the west by the North Sea.
Size	30,528 Sq. K.M. (11,787 Sq. miles)
Population	11,913,633 in 2023.*
Population Density	340 per sq. km. *
Population Growth Rate	0.55 % at 2023 *
Birth Rate	10.86/1000 at 2023 *
Death Rate	9.57/1000 at 2023*
Life Expectancy	82.06 Years. Male 79.47 Years, Female 84.79 Years. at 2023*
Literacy rate	99%.*
Capital City	Brussels
Other Large Cities	Antwerp, Gand, Charleroi, Liege, Brugge, Namur, Mons, Louvain, Alost, Malines, Courtrai, Hasselt, Saint-Nicolas, Ostend and Doornik.
Religion	The majority of the inhabitants profess Christianity, and about four-fifths are Roman Catholics.
Language	Flemish (closely related to Dutch), spoken in the north (Flanders), and French, spoken in the south (Wallonia), are the two main official languages. Brussels (which is situated in Flanders) has bilingual status. Nearly 60% of the populations are Flemish-speaking, about 40% are French-speaking and less than 1% have German as their mother tongue.
Climate	The climate is temperate. Temperatures in the capital, Brussels, are generally between 0°C (32°F) and 23°C (73°F).
International Relations	Belgium is a member of the UN, WTO, NATO, BIS, OECD, EU, Council of Europe, WEU, OSCE, CERN, Inter-American Development Bank, Asian Development Bank, IOM, Antarctic Treaty and the International Organization of the Francophonie. Belgium is a signatory to the Schengen Accord abolishing border controls between Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain and Sweden.
Currency	The unit of currency is the euro (EUR).

***Estimated figure.**

NATIONAL ECONOMY

Belgium's post-pandemic recovery has slowed with spillovers from Russia's war in Ukraine, high inflation, tighter financial conditions, and elevated uncertainty. In response to the spike of energy prices, the federal and regional authorities provided timely and substantial support to households and firms. Along with automatic indexation of wages and benefits, energy support helped cushion impacts, although at significant cost, increasing the fiscal deficit in 2022 and 2023. The labor market has remained tight, with record-high job creation and low unemployment. The external current account swung to a large deficit in 2022, due largely to higher energy imports and lower vaccine exports. A resilient financial sector is facing challenges from the weaker macro-financial environment. Some important structural reforms took place in 2022.

Growth is expected to slow from 3.0 percent in 2022 to 0.2 percent in 2023, before returning to potential of 1.2 percent over the medium term. Inflation should decelerate from 10.3 percent in 2022 to 5.5 percent in 2023, as energy prices ease. Indexation has opened a wage gap with key trading partners, posing challenges for competitiveness. With aging and social-benefit pressures and in the absence of adjustment measures, the structural fiscal deficit is expected to remain elevated over the medium term at 5½ percent of GDP and high public debt will also rise to about 120 percent of GDP in 2028, increasing vulnerabilities. Risks are tilted to the downside, related to escalation of the war in Ukraine and a sharper-than-expected tightening of financial conditions. Lower energy prices would reduce fiscal pressures, and with progress on structural reforms before elections in 2024, boost confidence.

Executive Board Assessment

In the course of Article IV consultation between IMF and Belgium, Executive Directors of IMF broadly agreed with the thrust of the staff appraisal. They welcomed the authorities' timely policy response, which helped cushion the impact of the energy crisis on household and firms and strengthened energy security, but also led to fiscal deterioration and an erosion of competitiveness. Noting the economic slowdown this year and elevated uncertainty and downside risks, Directors called for prudent policies to preserve fiscal sustainability and financial stability and for structural reforms to boost competitiveness and reinvigorate growth.

Directors recommended a credible and ambitious multi-year, expenditure-led fiscal adjustment, drawing on spending reviews, to put debt on a declining path, replenish buffers, and complement monetary policy in curbing inflation. They encouraged the authorities to rationalize current spending while increasing productive public investment. Directors emphasized that energy support measures should remain limited and temporary, be better targeted, and maintain price signals. They also encouraged improved coordination of spending across government levels and welcomed efforts to initiate tax reforms and enhance public investment management.

Directors concurred that financial sector policies should continue to balance ensuring adequate credit provision, preserving resilience, and facilitating deployment of buffers to absorb losses when needed. Given rising interest rates and the slowing economy and housing market, they called for close monitoring of financial stability risks. While most Directors supported the authorities' near-term hold on additional macroprudential policy tightening, some Directors considered that further tightening could be desirable to continue strengthening resilience, as long as macro-financial conditions allow. Directors welcomed recent steps to further strengthen the AML/CFT framework and looked forward to the conclusions of the ongoing FSAP.

Directors emphasized that further labor and product market reforms are key to improve productivity and competitiveness and reinvigorate growth. They recommended additional measures to facilitate labor reallocation, including enhancing labor market flexibility and incentive setting in the social security and pension systems. Directors noted that pension reforms are critical for Belgium to receive the Next Generation EU funds. They also encouraged the authorities to consider revising the wage indexation framework once inflationary pressures subside. They welcomed efforts to improve the business environment, including reforms to the restructuring and insolvency frameworks and actions to strengthen cyber risk monitoring and preparedness.

Directors agreed that reaching ambitious climate goals require a wider set of initiatives and greater focus on coordination and execution, including aligning national climate policies with more ambitious EU targets and considering raising carbon pricing. They welcomed the significant new investments in renewables to enhance energy security.

Table 1. Belgium: Selected Economic Indicators, 2021-23

	2021	2022	2023
			Proj.
Real economy			
Real GDP	6.1	3.0	0.2
Domestic demand	5.6	2.8	0.9
Foreign balance ^{1/}	0.6	0.3	-0.6
Exports, goods and services	11.3	4.7	1.1
Imports, goods and services	10.7	4.4	1.9
Potential output growth	3.9	1.8	1.2
Output gap (in percent)	-0.5	0.7	-0.2
Employment			
Unemployment rate (in percent)	6.3	5.5	6.0
Employment growth	1.8	1.8	0.2
Prices			
Consumer prices	3.2	10.3	5.5
GDP deflator	2.9	5.7	5.0
Public finance			
Revenue	49.9	49.4	50.8
Expenditure	55.5	54.2	56.3
General government balance	-5.6	-4.8	-5.5
Structural balance	-5.1	-5.1	-5.3
Primary balance	-3.9	-3.3	-3.8
General government debt	109.2	106.8	108.1
Balance of payments			
Goods and services balance	1.1	-3.8	-3.3
Current account	0.4	-4.0	-3.5
Exchange rates			
Euro per U.S. dollar, period average	0.8	0.9	...
NEER, ULC-styled (2005=100)	98.0	96.3	...
REER, ULC-based (2005=100)	97.3	98.7	...

Memorandum items			
Nominal GDP (in billions of euros)	502.3	547.0	575.9
Population (in millions)	11.6	11.7	11.7

Sources: Haver Analytics, Belgian authorities, and IMF staff projections.
1/ Contribution to GDP growth.

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Belgium March 2, 2023.

FOREIGN TRADE

Belgium’s total exports in 2017 were of the order of US\$ 296,554 million. It increased to US\$ 386,354 million in 2021. Exports during the period from 2017 to 2021, in terms of percentage, grew highest (30.93%) in 2021 and fell maximum (-5.36%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound rate of growth worked out at 6.84%.

Imports, on the other hand, were of the order of US\$ 393,655 million in 2021 while in 2017 it was US\$ 305,937 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (33.81%) in 2021 and fell maximum (-7.69%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound rate of growth worked out at 6.51%.

Volume of trade registered an annual average (compound) rate of growth of 6.67% from US\$ 602,491 million in 2021 to US\$ 780,009 million in 2021. **(See Table I)**. Belgium faced a deficit balance of trade payment during the said period except the year 2020.

Belgium’s leading exports are machinery and transport equipment, chemicals, food, iron and steel, diamonds, textile yarn, fabrics, etc., non-metallic mineral manufactures, and miscellaneous manufactured articles etc. The principal imports are machinery and transport equipment, chemicals, food, mineral fuels and diamonds etc. Principal trading partners of Belgium are Argentina, Australia, Brazil, Canada, China PR, Congo (Dem. Rep), Denmark, France, Germany, India, Italy, Netherlands, Russia, South Africa, Switzerland, UK and USA etc.

The main international airport is at Brussels, with a direct train service from the air terminal. A major programme of expansion, more than doubling the airport’s passenger-handling capacity, was completed in 1994. Further expansion work was to include the construction of a new concourse by 2002. There are also international airports at Antwerp, Liege, Charleroi and Ostend. Following the collapse of the Belgian state airline, SABENA, in late 2001, the latter’s regional subsidiary, Delta Air Transport, was reorganized as SN Brussels Airlines in February 2002.

BILATERAL TRADE WITH INDIA

Indo-Belgium bilateral trade in 2017-18 was of the order of Rs.78,653.29 crores. It increased to Rs.149,402.64 crores in 2021-22. The annual compound growth rate of volume of trade during the period from 2017-18 to 2021-22 was 17.40%. India faced a deficit balance of trade during the said period except the year 2017-18r and 2021-22 **(see table II)**. The average annual compound growth rate of exports and import worked out at 17.10% and 17.70% respectively.

India’s exports to and import from Belgium of Merchandise Goods between 2017-18 and 2021-22 are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Belgium, during 2017-18 and 2021-22 along with their growth rates are depicted in **Table III & IV** respectively.

Embassy address contact details are given below :

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Belgium

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Gram: INDEMBASSY, BRUSSELS

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Website URL:

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Names and addresses of the organizations engaged in foreign trade in Belgium are:-**Agence pour le commerce exterieur**

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B – 1000 BRUXELLES

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Federal Trade Point Brussels

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Federation des chambers de commerce et

D'industrie de Belgique

1-2, avenue des Arts

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B – 1210 BRUXELLES

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URL: <http://www.ccib.be>

Source

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,
BBC News, the World Fact Book, MEA,
Embassy of India in Belgium and D.G.C.I & S etc.**

"NOTICE"

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TABLE I

BELGIUM'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE BETWEEN 2017 AND 2021.

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2017	296554		305937		6,02,491		-9383
2018	323378	9.05	340086	11.16	6,63,464	10.12	-16708
2019	311797	-3.58	318707	-6.29	6,30,504	-4.97	-6910
2020	295079	-5.36	294198	-7.69	5,89,277	-6.54	881
2021	386354	30.93	393655	33.81	7,80,009	32.37	-7301

**Annual
Compound
Growth
Rate**

6.84

6.51

6.67

NOTE : Figures relate to calendar year, January to December.

SOURCE : *UN COMTRADE PUBLICATION*

TABLE - II

INDIA'S EXPORT TO AND IMPORT FROM BELGIUM MERCHANDISE GOODS DURING 2017-2018 TO 2021-2022

(Value in Rs. CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017-18	40007.56		38645.73		78653.29		1361.83
2018-19	47008.01	17.50	73002.29	88.90	120010.30	52.58	-25994.28
2019-20	41164.76	-12.43	62830.87	-13.93	103995.63	-13.34	-21666.11
2020-21	38683.85	-6.03	51246.57	-18.44	89930.42	-13.52	-12562.72
2021-22	75225.85	94.46	74176.79	44.74	149402.64	66.13	1049.06

Annual

**Compound
Growth
Rate**

17.10

17.70

17.40

NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO BELGIUM
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Pearl, Precs, Semiprecs Stones	14987.21	16699.10	14897.69	9545.49	19858.28	11.42	-10.79	-35.93	108.04
	Share in total export	37.46	35.52	36.19	24.68	26.40				
2	Petroleum Products	1252.27	2892.41	3821.28	4347.49	14409.79	130.97	32.11	13.77	231.45
	Share in total export	3.13	6.15	9.28	11.24	19.16				
3	Iron & Steel	5012.84	4209.83	3041.04	4012.27	11312.10	-16.02	-27.76	31.94	181.94
	Share in total export	12.53	8.96	7.39	10.37	15.04				
4	Organic Chemicals	1341.75	1759.20	1530.11	1957.81	4502.96	31.11	-13.02	27.95	130.00
	Share in total export	3.35	3.74	3.72	5.06	5.99				
5	Drugs Formulations, Biologicals	1017.47	1218.41	1422.01	1929.46	2439.61	19.75	16.71	35.69	26.44
	Share in total export	2.54	2.59	3.45	4.99	3.24				
6	Products Of Iron And Steel	677.88	916.16	912.76	874.73	1401.00	35.15	-0.37	-4.17	60.16
	Share in total export	1.69	1.95	2.22	2.26	1.86				
7	Residual Chem. And Allied Products	728.98	981.59	1133.45	1147.40	1352.36	34.65	15.47	1.23	17.86
	Share in total export	1.82	2.09	2.75	2.97	1.80				
8	Tobacco Unmanufactured	1122.97	943.39	1060.08	1137.54	1228.60	-15.99	12.37	7.31	8.00
	Share in total export	2.81	2.01	2.58	2.94	1.63				
9	Marine Products	955.90	856.73	894.78	881.74	1174.51	-10.37	4.44	-1.46	33.20
	Share in total export	2.39	1.82	2.17	2.28	1.56				
10	Manmade Yarn, Fabrics, Madeups Etc.	590.38	638.16	592.38	560.95	961.93	8.09	-7.17	-5.31	71.48
	Share in total export	1.48	1.36	1.44	1.45	1.28				
	Total export to BELGIUM	40007.56	47008.01	41164.76	38683.85	75225.85	17.50	-12.43	-6.03	94.46

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700107.

TABLE -IV
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM BELGIUM
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Perls, Precs, Semiprecs Stones	26401.71	46064.64	36215.40	25753.73	43175.22	74.48	-21.38	-28.89	67.65
	Share in total imports	68.32	63.10	57.64	50.25	58.21				
2	Plastic Raw Materials	1189.61	2243.06	2026.32	2130.01	3088.59	88.55	-9.66	5.12	45.00
	Share in total imports	3.08	3.07	3.23	4.16	4.16				
3	Drugs Formulations, Biologicals	575.77	1766.90	2048.92	2363.53	2904.78	206.88	15.96	15.35	22.90
	Share in total imports.	1.49	2.42	3.26	4.61	3.92				
4	Organic Chemicals	678.17	1553.07	1959.15	2248.23	2099.44	129.01	26.15	14.76	-6.62
	Share in total import	1.75	2.13	3.12	4.39	2.83				
5	Residul Chemicals & Allied Products	838.42	1775.59	1656.84	1620.20	2011.96	111.78	-6.69	-2.21	24.18
	Share in total import	2.17	2.43	2.64	3.16	2.71				
6	Indl. Machinery For Dairy Etc.	985.43	2188.98	1745.49	1621.45	1847.83	122.13	-20.26	-7.11	13.96
	Share in total import	2.55	3.00	2.78	3.16	2.49				
7	Iron & Steel	732.38	1739.92	1801.82	1780.04	1825.30	137.57	3.56	-1.21	2.54
	Share in total import	1.90	2.38	2.87	3.47	2.46				
8	Electric Machinery And Equipments	175.52	1010.46	1334.57	760.79	1650.14	475.70	32.08	-42.99	116.90
	Share in total import	0.45	1.38	2.12	1.48	2.22				
9	Petroleum Products	314.04	828.56	273.89	1022.21	1495.77	163.84	-66.94	273.22	46.33
	Share in total import	0.81	1.13	0.44	1.99	2.02				
10	Medical And Scientific Instruments	305.49	811.48	1043.42	866.00	1323.85	165.63	28.58	-17.00	52.87
	Share in total import	0.79	1.11	1.66	1.69	1.78				
	Total import from BELGIUM	38645.73	73002.29	62830.87	51246.57	74176.79	88.90	-13.93	-18.44	44.74

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.