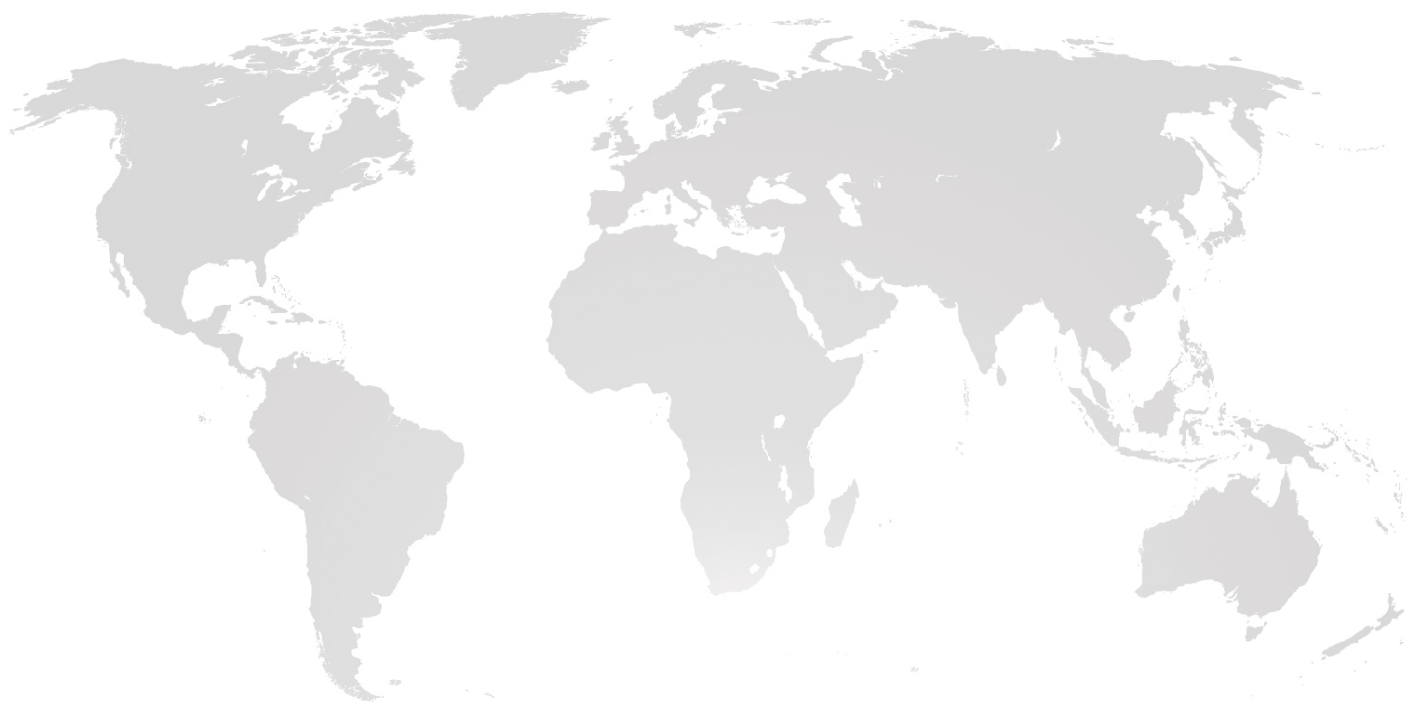




D&B Country Insight Snapshot: Belgium

April 2015





Overview

Overall Country Risk Rating : DB2d



Low risk: Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns in future.

Rating Outlook: Stable →

Core Outlook

- + Belgium enjoys a strong net creditor position, has reliable institutions, a diversified economic base and high income per capita.
- + Opportunities will arise in healthcare, homecare and other services catering for an ageing population.
- An ageing population has important market implications, especially on public finances.
- Belgium has one of the highest general government gross debts in Europe, which could lead to further unpopular austerity reforms.

Key Development

Economic expansion is expected in Q1 2015 and for the year as a whole, with private consumption and industry the main growth drivers. Pro-business policies will help profit margins.

Credit Environment Outlook A

Key Development has had a positive impact on the outlook.

Supply Environment Outlook G

Key Development has had a positive impact on the outlook.

Market Environment Outlook G

Key Development has had a neutral impact on the outlook.

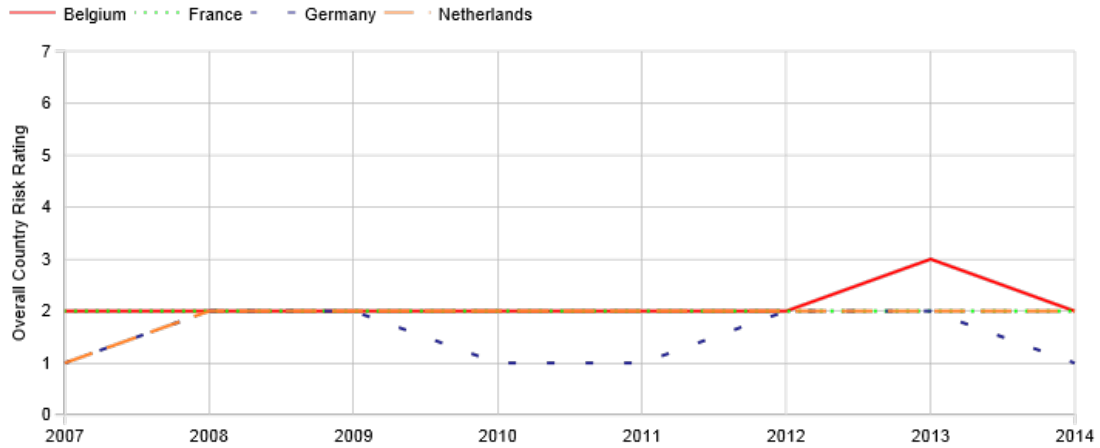
Political Environment Outlook A

Key Development has had a neutral impact on the outlook.



Key Indicators

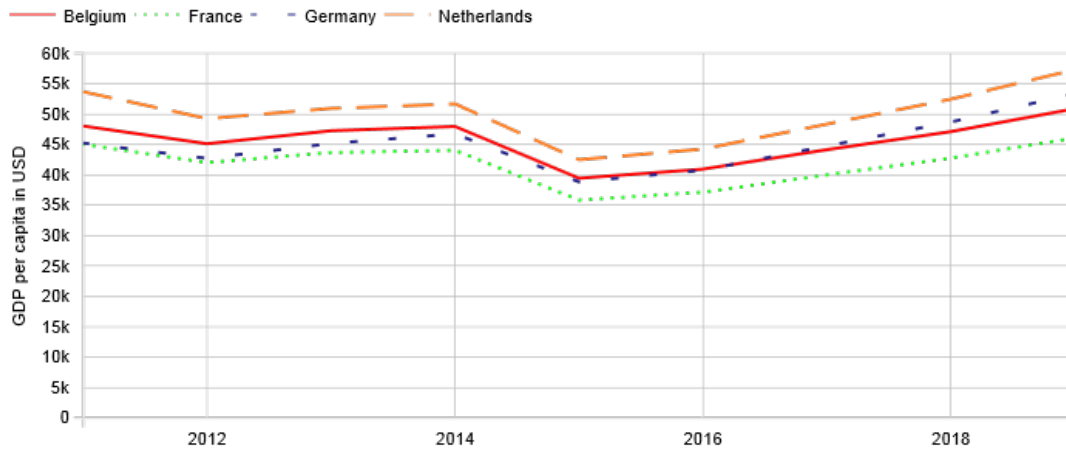
Rating History and Comparison



Source : D&B

Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source : D&B

Chart of the Month



Source : National Statistical Offices / Haver Analytics

Economic Indicators

Indicator	2012	2013	2014e	2015f	2016f	2017f	2018f	2019f
C/A balance % GDP	-0.8	-0.2	0.7	-0.3	-0.5	-0.8	-0.7	-0.6
Govt balance, % GDP	-4.1	-2.9	-3.2	-2.5	-2.0	-1.2	-1.2	-1.2
Inflation, annual avge %	2.6	1.2	0.5	1.0	1.5	2.0	2.0	2.5
Real GDP Growth, %	0.1	0.3	1.0	1.5	1.7	1.4	1.4	1.4
Unemployment, %	7.7	8.4	8.5	8.2	7.9	7.5	7.5	7.5

Source : Haver Analytics/D&B

Trade and Commercial Environment

Starting a business in Belgium is easier than in most countries, according to World Bank's new *Doing Business 2015* report. Belgium ranks 14th (the regional average is 45th) out of the 189 countries surveyed. Only 3 procedures and 4 days are needed to set up a legal entity in Belgium, slightly better than its peers France (5 procedures and 4.5 days) and the Netherlands (4 procedures and 4 days). On the other hand, according to the same survey, the burden of taxes is higher in Belgium (81st place) compared to the OECD average (53rd). Also, exporting a standard container of goods requires 4 documents, takes 9 days and costs USD1,240, while to import the same container requires 4 documents, takes 8 days and costs USD1,400; the OECD average cost for importing or exporting a container is USD1,100.

Trade Terms and Transfer Situation

Minimum Terms: OA

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: SD

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30-90 days

Normal period of credit associated with transactions with companies in the stated country.

Local Delays: 0-1 month

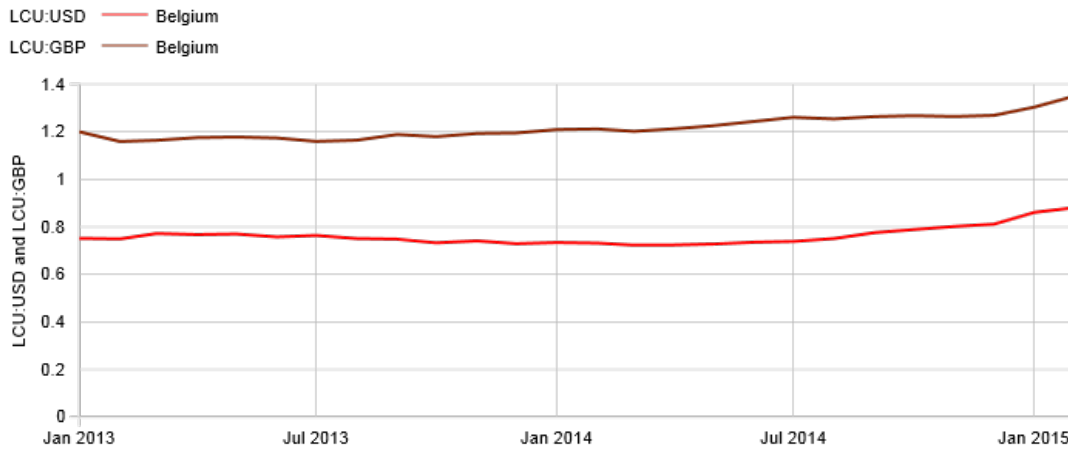
The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: 0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.



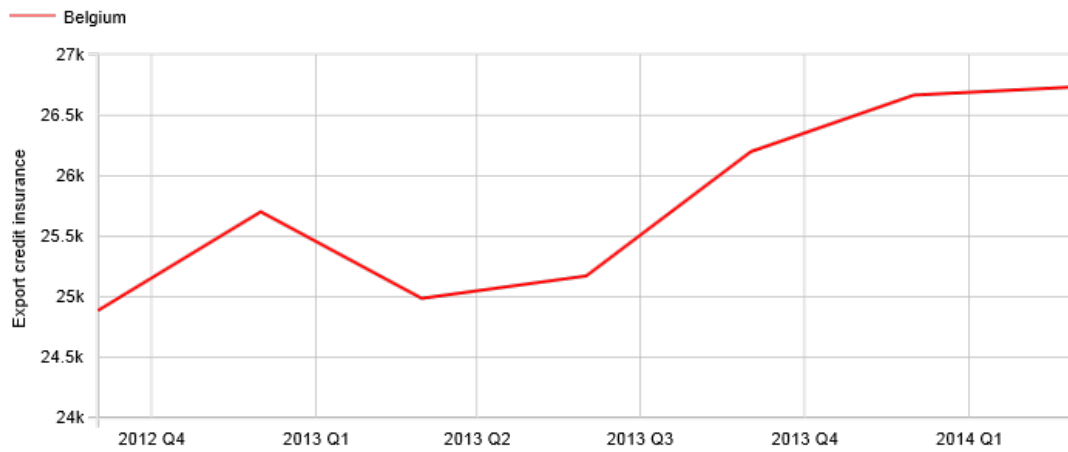
Exchange Rate



Source : IMF International Financial Statistics, National Statistical Offices

LCU = Local Currency Unit

Credit Conditions



Source : Haver

Insured export credit exposures, USDm

Risks and Opportunities

Short-Term Economic Outlook

Stronger external demand expected

Although the GDP data for the first quarter of 2015 had not been yet published at the time of writing, we expect the economy to have expanded by 0.1-0.3% q/q. For 2015 we forecast real GDP to expand by 1.5%, with private consumption and industry being the main growth drivers. We also predict an increase of the industrial capacity utilisation rate, caused by a boost in investments. Profit margins are set to improve based on the government's pro-business approach, combined with low oil prices and relatively generous lending conditions. Also, we forecast an increase in external demand, as the economic situation of most of Belgium's traditional trading partners (both inside and outside the region) is slowly improving.

Besides that, the weak euro will support price competitiveness for exporters to non-euro-zone economies. Indeed, the *Business Confidence Index* rose for the second straight month in March, to -6.3 from -8.3 in February. Entrepreneurs in all surveyed sectors, and especially in the trade sector, showed increased confidence in the overall economic situation. A notable improvement was recorded in the construction sector's outlook after three months of pessimism, mostly thanks to better demand prospects. Negatively however, the *Consumer Confidence Index* weakened for the first time in four months, falling to -6 from -5 one month before. Households seem to be more pessimistic about the economic situation, and for the first time in six months, Belgians are worried about a rise in the unemployment rate. Having said that, we continue to forecast a sound expansion in household purchasing power, also helped by low commodity prices.

Business Continuity

Protests might trigger supply chain disruptions

At the end of March, a range of street protests against government austerity measures were organised all over the country. We expect such protests to continue for the next few months, alongside strikes. Although we do not expect the industrial conflicts to escalate to general strikes lasting an extended number of days, there will very likely be interruptions and delays, especially in transportation and at the port terminals of Antwerp and Zeebrugge (hubs for maritime cargo transport in Europe). Our recommendation is to factor in possible supply chain disruptions.

Positively, the number of failed businesses dropped by 12% in the last six months to February, compared to the same period one year ago. The largest number of insolvencies was recorded in trade and transportation sectors, but they both were approximately 10% lower in y/y terms. Another positive is that the majority of all the insolvent companies are small (0-4 employees), meaning that the unemployment triggered by failed businesses is low. We expect the downtrend in bankruptcies to continue in 2015 and 2016.

Country Profile and Statistics

Overview

Belgium is situated on the North Sea coast between the Netherlands and France, and also borders Germany and Luxembourg. Internally, it is divided along linguistic lines, mainly between Flemish-speaking Flanders in the north and French-speaking Wallonia in the south; there is also a small German-speaking minority in the east. Apart from Flanders and Wallonia, Brussels, the officially bilingual capital of Belgium (and seat of most EU institutions), is the third administrative region.

The linguistic division is the defining factor in Belgian politics, not least because it is mirrored by an economic disparity: while both regions are prosperous by international standards, Flanders boasts higher average income levels and lower unemployment than Wallonia.

The country has a federal structure, with devolution to the regions of decision-making powers ongoing. At the federal level, both linguistic communities must be represented in the government; as Flanders and Wallonia each have their own political parties, this can lead to uneasy ruling coalitions. Disagreements over further devolution have exacerbated government instability.

Key Facts

Key Fact	Detail
head of government	Prime Minister Charles MICHEL
Capital	Brussels
Timezone	GMT +01-00
Main languages	Dutch, French, German
Population (millions)	11.1
GDP (USD billions)	534.6
GDP per capita (USD)	47,968
Life expectancy (years)	80
Literacy (% of adult pop.)	99.9
Surface area (sq km)	30,528

Source : UN / Haver Analytics / D&B

Historical Data

Metric	2010	2011	2012	2013	2014
Real GDP growth (%)	2.5	1.65	0.09	0.27	1.04
Nominal GDP in USDbn	485.26	528.87	499.16	524.95	534.55
Nominal GDP in local currency (bn)	366	380	388	395	402
GDP per Capita in USD	44,353	48,048	45,132	47,276	47,968
Population (year-end, m)	10.94	11.01	11.06	11.1	11.14
Exchange rate (yr avge, USD-LCU)	0.75	0.72	0.78	0.75	0.75
Current Account in USDbn	7.86	-6.07	-4.16	-1.29	3.9
Current Account (% of GDP)	1.62	-1.15	-0.83	-0.25	0.73
FX reserves (year-end, USDbn)	300.24	316.71	332.54	330.96	327.67
Import Cover (months)	1.33	1.19	1.31	1.29	1.4
Inflation (annual avge, %)	2.3	3.4	2.6	1.2	0.5
Govt Balance (% GDP)	-4	-3.9	-4.1	-2.9	-3.2

Source : D&B

Forecasts

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	1.5	1.7	1.4	1.4	1.4
Nominal GDP in USDbn	441.2	459.6	497.2	532.3	576.7
Nominal GDP in local currency (bn)	412.33	425.52	439.99	454.95	472.69
GDP per Capita in USD	39,452	40,952	44,159	47,126	50,899
Population (year-end, m)	11.2	11.2	11.3	11.3	11.3
Exchange rate (yr avge, USD-LCU)	0.9	0.9	0.9	0.9	0.8
Current Account in USDbn	-1.5	-2.5	-4	-3.8	-3.6
Current Account (% of GDP)	-0.34	-0.54	-0.8	-0.71	-0.63
FX reserves (year-end, USDbn)	360	380	385	390	400
Import Cover (months)	1.5	1.5	1.3	1.4	1.5
Inflation (annual avge, %)	1	1.5	2	2	2.5
Govt Balance (% GDP)	-2.5	-2	-1.2	-1.2	-1.2

Source : D&B

Comparative Market Indicators

Indicator	Belgium	France	Germany	Netherlands	US
Income per Capita (USD)	47,968	44,058	46,760	51,682	54,085
Country Population (m)	11.1	64.6	82.7	16.8	322.6
Internet users (% of population)	82.2	81.9	84	94	84.2
Real GDP Growth (% p.a., 2015 - 2024)	1.4 - 2.1	1.2 - 2.1	2 - 3	0.7 - 1.9	1.5 - 3

Source : D&B

Links

User Guide

Please [click here](#) to visit our online user guide.

Other D&B Products and Services

Sales

Email: countryinsight@dnb.com

Telephone

UK: +44 (0)1628 492700

US: +1 800 234 3867

Rest of World

contact your local office
or call +44 1628 492700

Publisher

D&B

Marlow International

Parkway

Marlow

Bucks SL7 1AJ

United Kingdom

Tel: 01628 492000

Fax: 01628 492929

Email: countryinsight@dnb.com

D&B provides information relating to more than 240m companies worldwide. Visit <http://www.dnb.com> for details. Additional information relevant to country risk can be found in the:

International Risk & Payment Review : Provides timely and concise economic, political and commercial information and analysis on 132 countries. Available as a subscription-based internet service (www.dnbcountryrisk.com) and monthly update journal, the IRPR carries essential information on payment terms and delays. It also includes the unique D&B Country Risk Indicator to help monitor changing market conditions.

Legal and Copyright Notices

While the editors endeavour to ensure the accuracy of all information and data contained in this D&B Country Insight report, neither they nor Dun & Bradstreet Limited accept responsibility for any loss or damage (whether direct or indirect) whatsoever to the customer or any third party resulting or arising therefrom.

© All rights reserved. No part of this publication may be reproduced or used in any form or by any means graphic, electronic or mechanical, including photocopying, recording, taping, or information storage and retrieval systems without permission of the publisher.

Disclaimer

Whilst D&B attempts to ensure that the information provided in our country reports is as accurate and complete as possible, the quantity of detailed information used and the fact that some of the information (which cannot always be verified or validated) is supplied by third parties and sources not controlled by D&B means that we cannot always guarantee the accuracy, completeness or originality of the information in some reports, and we are therefore not responsible for any errors or omissions in those reports. The recipients of these reports are responsible for determining whether the information contained therein is sufficient for use and shall use their own skill and judgment when choosing to rely upon the reports.