



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Agri-Food Past, Present & Future Report

Belgium

September 2005



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Canada 

Belgium

Past Present & Future Report September 2005

Overview

Although Belgium is a small European country, it holds promising trade opportunity for Canadian exporters. With a population of over 10 million people, Belgium is one of the most densely populated and industrialized countries in the world. Its central geographic location in Europe, excellent transport system and reliance on EU trade make Belgium an attractive trade partner for Canadian exporters looking to break into the European market.

Belgium is one of the most open economies in the world with two thirds of its GDP generated from exports. The country's international stance on trade is attributed to its prominence in international affairs. Its capital, Brussels, hosts the headquarters of NATO and the EU as well as numerous multinational corporations.

Canada - Belgium Relations

Canada and Belgium maintain a solid relationship based on strong trade agreements. In 1999, a "privileged dialogue" agreement was signed by the Foreign Affairs Ministers of Canada and Belgium to strengthen bilateral relations between the two countries.

Both Canadian and Belgian government structures give much power to provinces and territories (in Belgium's case; regions and communities). As well, the countries share the same outlook on foreign policies based on multilateralism, as the two are members of organizations such as NATO and the UN.

For a more detailed and comprehensive overview of Canadian – Belgium relations and trade arrangements please visit: www.infoexport.gc.ca

Canada-Belgium Bilateral Trade (2004)	
Belgium Total Trade	\$696.6 billion
Exports	\$360.5 billion
Imports	\$336.1 billion
Trade balance	\$24.4 billion
Canada-Belgium Trade	\$3.6 billion
Exports	\$ 2.2 billion
Imports	\$1.4 billion
Trade balance	\$8 million
Canada-Belgium Ag Trade	\$502.5 million
Exports	\$351.7 million
Imports	\$150.8 million
Trade balance	\$200.9 million

- In 2004, Belgium ranked as Canada's ninth largest export market in the world.
- Canada/Belgium bilateral trade totaled \$3.6 billion in 2004. This value increased from the previous year's total of \$3 billion.
- Top Canadian exports to Belgium are diamonds, nickel and linseed.
- Top imports from Belgium to Canada are motor vehicles and parts, pharmaceutical products as well as iron and steel.

Agricultural Trade

Belgium is an attractive entry point for Canadian agricultural exporters due to its thriving food processing industry. This attracts much international bulk and intermediate goods which are then processed and distributed within the country, and then to other EU countries through Belgium's extensive trade network. Establishing a trade relationship with Belgium would be significant for Canadian exporters as it opens doors to the EU; the world's largest importer of agricultural goods.

Although the EU is open to international trade, European member states are self-sufficient for over 50% of their food production. Because Canada and Europe produce much of the same agriculture, Canadians have found it difficult to export a full range of products to Belgium in the past.

Recently though, Belgium's food industry has been taking a more outward-looking approach, with increased interest in a variety of international products. This is good news for Canadian agricultural exporters, especially those exporting high quality Canadian products such as lobster, fresh fish, vegetables and meat.

Canada-Belgium Agri-Food Trade

- Belgium's total agri-food and seafood imports in 2004 were \$32.4 billion, accounting for about 9% of Belgium's total imports.
- In 2004, Canadian agri-food exports to Belgium totaled \$351.7 million, accounting for 16% of Canada's total exports to the country.
- Canadian agri-food exports to Belgium decreased in 2004 by about 18% from the previous year. This could be partially due to decreases in soya bean and linseed exports.

Top Traded Agri-Food Products

- Top 2004 Canadian exports to Belgium were linseed valued at \$138.9 million which accounted for nearly 40% of the agri-food exports, and durum wheat exports which totaled \$73.5 million and accounted for 20.9% of the same market.
- Dried peas were a high growth export to Belgium in 2004 at \$15.5 million. This tripled from 2003's pea export total of \$5.3 million.
- Canada's major imports from Belgium were beer, totaling \$37.8 million and making up 25.1% of agri-food imports, as well as cocoa paste, which had a value of \$13.3 million and accounted for 8.8% of imports in 2004.

Canada's Top 5 Agri-Food Exports to Belgium (2004)	
Linseed	\$138.9 million
Durum Wheat	\$73.5 million
Live Lobsters	\$20.5 million
Wheat, nes	\$18.9 million
Mustard Seed	\$15.5 million

Visit www.ats.agr.ca/stats/Belgium.pdf for a detailed look at Canada's exports to Belgium.

Canadian Bulk, Intermediate and Consumer-Oriented Exports to Belgium

- Canada benefits from Belgium's thriving food processing industry due to 75% of our country's agri-food trade attributed to bulk food exports. In 2004, Canadian bulk exports to Belgium totaled \$276.5 million.
- In 2004, the most popular bulk commodity exported to Belgium was linseed which accounted for 53.3% of bulk food exports. Wheat was Canada's second most popular bulk export (non-durum wheat export total was 26.6% and wheat nes and meslin was 6.8%), mustard seed exports totaled 5.6% of bulk exports while soya beans accounted for 4.2%.
- Popular intermediate product exports were peas and lentils, with peas making up 53.8% of intermediate exports to Belgium and lentils totaling 15.2% in 2004.
- Consumer-oriented exports succeeding in the Belgium market included fruits and nuts making up 19.7% of this sector of exports, while food preparation products totaled 15.4% and whiskies accounted for 14.2% of the same total in 2004.

Economy

Belgium has a highly developed open market economy with its per capita GDP being one of the highest in the world. In 2004, the country's GDP growth of 2.7% was over the Euro-zone average and its inflation rate was only 1.3%. On the other hand, Belgium's unemployment rate was a disappointing 12% in 2004. This is expected to improve in the future due to labour reforms recently put in place.

Belgium has become very service-sector orientated. This is the dominant industry in the country, as it makes up 72.6% of their GDP. The country's manufacturing sector makes up 26% of the GDP, while agriculture only makes up 1.3% of this total. Belgium also has a food processing industry that is so strong that the country imports a large quantity of agricultural products to maintain production.

The service-sector has become a very prominent industry in Belgium, making up 72.6% of its GDP. The country's manufacturing sector comprises 26% of GDP, while agriculture only accounts for 1.3% of this total. Belgium's food processing industry is so strong that it must rely on imported agricultural products to maintain production.

- Belgium is located at the heart of one of the world's most highly industrialized regions.
- The country is within a 600 km radius of 70% of the EU's 370 million inhabitants.
- It is highly reliant on trade with about 66% of its GDP generated from exports.
- In 2002, Belgium began using the Euro currency which is also legal tender for 11 other Eurozone countries.
- 75% of Belgium's exports are to fellow EU member countries. Trade is especially high with neighbors Germany, the Netherlands and France.
- The country holds an excellent infrastructure of ports, canals, railways and highways to integrate industry within their neighboring countries. Canadian-European trade is especially accessible through Belgium's Antwerp Port, Europe's second largest seaport.
- The Belgian workforce is highly educated and productive.

- The cosmopolitan and international nature of Belgium makes it an ideal European test market without excessive commitment, due to its small size and ability to export to larger European countries.

Gross Domestic Product (2004)	
GDP	US\$351.5 billion
GDP growth	2.7 % (2004) 1.4% (2005)
GDP per head	US\$33,750

Current

- GDP growth rate tripled to 2.7% in 2004, since its period low of 0.9% in 2001.
- Belgium ranks among the highest per capita GDPs in the world.

Forecast:

- After GDP growth rate dropped to 1.4% in 2005 from 2004's 2.7%, a recovery of 2.2% is predicted for 2006.
- Average inflation of 2.2% is forecast for 2005 and 1.8% in 2006, depending on fluctuating oil prices.

Consumer Market

Out of all Europeans, Belgian consumers are ranked as the most demanding of high quality foods. Belgian culture is very focused on fine cuisine and there has recently been an increased demand for healthy food. This push for fresh, nutritious food is partially attributed to notable health scares in Europe in recent years such as avian influenza, bovine spongiform encephalopathy (BSE) and Belgium's dioxine crisis which involved animal feed contamination.

There is much opportunity for Canadians to export healthy, natural and premium foods, while focusing on Canadian specialty products. Although Belgians are very health conscious, there is still market opportunity for ready-made food products due to Belgium's busy and increasingly single population. As is the case of many countries, traditional eating habits are modified as cultural and social changes surface.

Although international foods are not currently dominant in Belgium, the government and its citizens are willing to support international commercial industries. Belgians are currently expressing boredom with menus at traditional restaurants and food choices at grocery stores. With this, there is emerging demand for innovative, practical and traditional North American products.

- In 2004, Belgium's population was approximately 10.3 million.
- About 65.7% of Belgians are between the ages of 15-64, 17.4% are 65 years or older and slightly below this percentage are 0-14 year olds which represent 16.9% of the population.
- Belgium has an aging population; by 2010 the ratio of Belgians aged 60 and above will rise to 44% of the population. This market generally has a rather high disposable income and enjoys higher quality foods.
- Over 40% of the Belgian population is single. Factors attributing to this are people choosing to marry at an older age and divorce becoming more common. Single people tend to consume convenience foods.
- The income distribution of citizens is relatively equal in the country, with the average income being approximately US \$33,750.
- Approximately one third of household expenditure is spent on food. Since 1999, consumer expenditure on food (in retail and foodservice sectors combined) has been increasing steadily.

- The consumer market is strong due to a large proportion of workers in the service sector. This is a relatively stable, well-paying sector in Belgium.
- Supermarkets account for nearly 75% of food sales in Belgium.

Convenience/packaged food market:

- Belgian consumers eat more packaged foods during the week for convenience. Popular items include ready meals, chilled and frozen processed food, canned food, pasta and sauces. Many Belgians do their cooking on the weekends and occasionally for dinner on weekdays (Euromonitor).
- About 65% of food sales are generated from packaged foods due to a demand for convenience, although only 30% of Belgians eat a ready-to-eat meal per week.
- Health and wellness-focused packaged foods have the potential to expand twice as fast as regular packaged foods. In 2003, 25% of packaged food innovations were health-focused (Euromonitor).
- While packaged foods are popular, there is a lack of credibility in some functional products. Forty-eight percent of Belgians don't believe the products in this sector have positive health benefits.
- Belgians tend to distrust mid-priced packaged foods and private labels and spend more money for premium alternatives, such as organic food and fresh fish.

Fresh food market:

- Belgians are increasingly willing to pay a higher price to improve their self-image, achieve greater longevity or to simply eat more natural food (Euromonitor).
- The vegetable market has been on a steady increase since 1999, especially raw vegetables such as salad lettuce. Pre-packaged vegetables are an emerging trend in Belgium (ex. pre-packaged salads).
- Although potatoes are used in many Belgian dishes, consumption has decreased due to their perceived unhealthiness.
- The Belgian fish market witnessed the largest growth rate over the last decade and is still progressing steadily. Fish is a high growth area in Belgium due to the EU's enforcement of a stricter fish quota which will drive up fish prices in Europe.
- The market for meats is quite steady. Consumption is expected to increase in the near future due to the recent trend of "outdoor cooking".
- Although red meat is regaining popularity, pork is still the most consumed meat in Belgium. Beef is also highly popular but is more expensive than some other meats. Sales of lamb, veal and duck are limited in the country.
- Healthy functional oils, fats and dairy products are achieving success in the Belgian food market.
- Profitability is low in organic foods; there was a 15% decline in these foods in 2003 due to the country's dioxin scare.

Food service trends:

- Belgium offers one of the largest concentrations of restaurants, cafés and fast-food places in the world.

- Fine dining and eating out are a large part of Belgian culture, although due to Belgians' tendency to have conservative tastes, in the past, it has been difficult for international restaurants to be successful (Euromonitor).
- Belgian restaurants are very traditional. Independent units dominate while there are limited food service chains (Euromonitor).
- Trade with retail is saturated, yet food service has more opportunity via wholesalers and/or their own distribution networks.

Consumer differences in Belgium's three regions:

Belgium is divided into three regions: Flanders, Walloons and Brussels-Capital, each having their own parliament. Flanders is predominately Dutch-speaking, Walloons speaks generally French, while Brussels' residents are bilingual, although the language most spoken is French.

Flanders is the most prosperous and active trading partner in Belgium, accounting for 70% of the country's exports. Flanders is a very successful industrial area with most of its consumers generally having a higher disposable income than those in other regions. Flemish people are higher consumers of ready-made meals and are highly attracted to margarine, canned fish, cooked sausage, paté, salami and poultry-based products.

Walloons, the country's poorest region, was once an industrial powerhouse but is now struggling with unemployment; this is especially a problem for the region's older population. But, with 36% of Belgium's immigrants living in Walloons, it boasts much cultural diversity and expanding food tastes. Walloons is influenced by French and Italian cuisine. Residents favor butter over margarine, and are high consumers of smoked and cooked ham as well as soft cheese. This region eats more than the average consumption of food in the country (10kg more than the Flemish).

Brussels holds Belgium's urban population. People living in the city are generally open to diverse international tastes and foods, as many residents are young and open to different cultures' flavors. The economy in this region is also strong, as Brussels has been transformed into a world-class commercial centre. This is due to a strong presence of foreign investment and public servants.

Competitors

Most of Belgium's trade is within the EU, especially with France, the Netherlands and Germany. Because the EU is self-sufficient for over 50% of their food products, Belgium looks to its partners in the EU for trade before seeking out international food imports.

Belgium's top agri-food import is bananas from Columbia. The remaining four of the top five agri-food imports originate from neighboring European countries. These include specialty cheeses from the Netherlands as well as grape wines, non-durum wheat and refined sugar from France.

Access Issues

Recent developments in the European Union may affect Canadian exporters' efforts in reaching the Belgium market. Such changes are present in expansion of the economic and monetary union, market distortions in agriculture, protective tariffs, harmonization of regulations for a single market, new bilateral free trade agreements, and certain bans and restrictions on imports imported by the EU for health, environment and consumer protection reasons. For more information on Belgium import regulations, please visit: <http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=18313>

Agriculture Sector & Policies

Agriculture makes up only 1.4% of Belgium's GDP and employs just 3% of the population. While these numbers are unimpressive, agriculture is still an important economic sector with its activities spread across about half of Belgium's surface area. Belgium's top agricultural products include livestock (including dairy cattle), grain, sugar beets, nursery products, flax, tobacco, potatoes as well as other vegetables and fruits.

Belgium's agriculture industry is expected to decline in the future partially due to younger generations' lack of interest in working on farms. On the positive side, there is a trend toward high degree specialization in farms, as farmers are investing more into their land and becoming more knowledgeable of farming technologies. Also, multinational investment in Belgium's food industry has been made in the country's food processing sector. Belgium has become the European headquarters for many multinational food-processing companies due to their central geographic location.

As a member and headquarters state of the European Union (EU), Belgium complies with all EU directives. Although the EU has relatively strict policies on agriculture, Canada maintains a strong trade relationship with the EU. For a detailed look at EU regulations in agri-food and other areas as well as Canada's 2005 priorities for accessing the EU market please visit: http://www.dfait-maeci.gc.ca/tna-nac/2005/7_05-en.asp

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