

Flanders (Belgium)

April 2022

1. Economic Overview



Flanders is the Dutch-speaking northern portion of Belgium and one of the communities, regions and language areas of Belgium. The official capital of Flanders is the City of Brussels, although the Brussels-Capital Region has an independent regional government. The government of Flanders only oversees the community aspects of Flanders life in Brussels, such as Flemish culture and education.

Flanders, despite not being the biggest part of Belgium by area, is the region with the largest population (68.2%), including Brussels. The region is home to approximately 6.65 million inhabitants, with most citizens living in the province of Antwerp. As Belgium's northern region, Flanders makes up

45% of the country's territory, with an area of 13 522 km². The main language spoken is Dutch, but most of the region's inhabitants have a good command of English and French as well. The Brussels-Capital Region had about 1.22 million inhabitants at the beginning of 2021. In accordance with late 20th century Belgian state reforms, the Belgian part of this area was divided into two political entities: the "Flemish Community" (Dutch: Vlaamse Gemeenschap) and the "Flemish Region" (Dutch: Vlaams Gewest). Geographically the Flemish Community, which has a broader cultural mandate, covers Brussels, whereas the Flemish Region does not.¹

TABLE 1: ECONOMIC INFORMATION

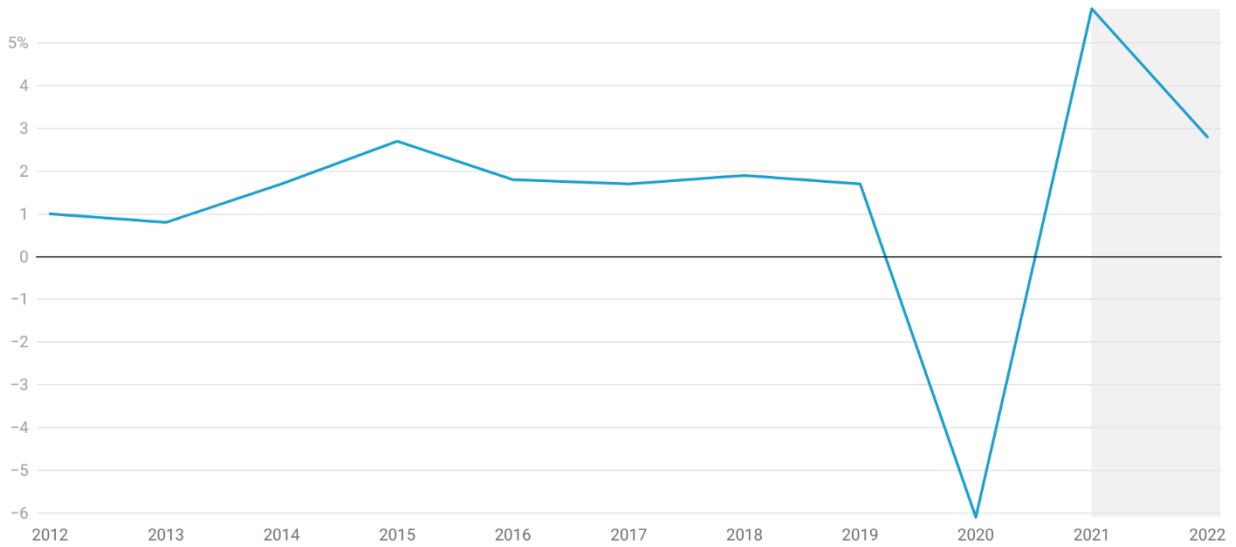
Capital	City of Brussels
Governor	Jan Jambon (N-VA)
Population (2021)	6.65 million
GDP (current prices) (2020)	EUR238.9bn
GDP per capita, Purchasing Power Standard (PPS) (2021 est.)	EUR38200
Real GDP growth rate (2022 est.)	2.8%
Area	13 522 km ²
Exports (2021)	EUR380.5bn
Imports (2021)	EUR378.8bn
Inward FDI (2021)	295 projects (UER2.86bn; 6 233 jobs)

Sources: Government of Flanders, 2022; Statistics Flanders, 2022; Flanders Investment and Trade, 2022

The trend in Flanders's economic growth rate between 2012 and 2022 is depicted in Figure 1 below. For the period 2012 to 2019, the Flemish economy was growing, within the range of 0.9 to 2.8%. However, 2020 saw strong negative growth as a result of the COVID-19 crisis. Economic growth is estimated at 5.8% in 2021, a significant recovery for the economy from the slump in 2020 (-6.1%) as a result of the COVID-19 crisis. For 2022, GDP growth is forecasted at 2.8%.

¹ Flanders Finance and Budget, 2022; Flanders Trade and Investment, 2022

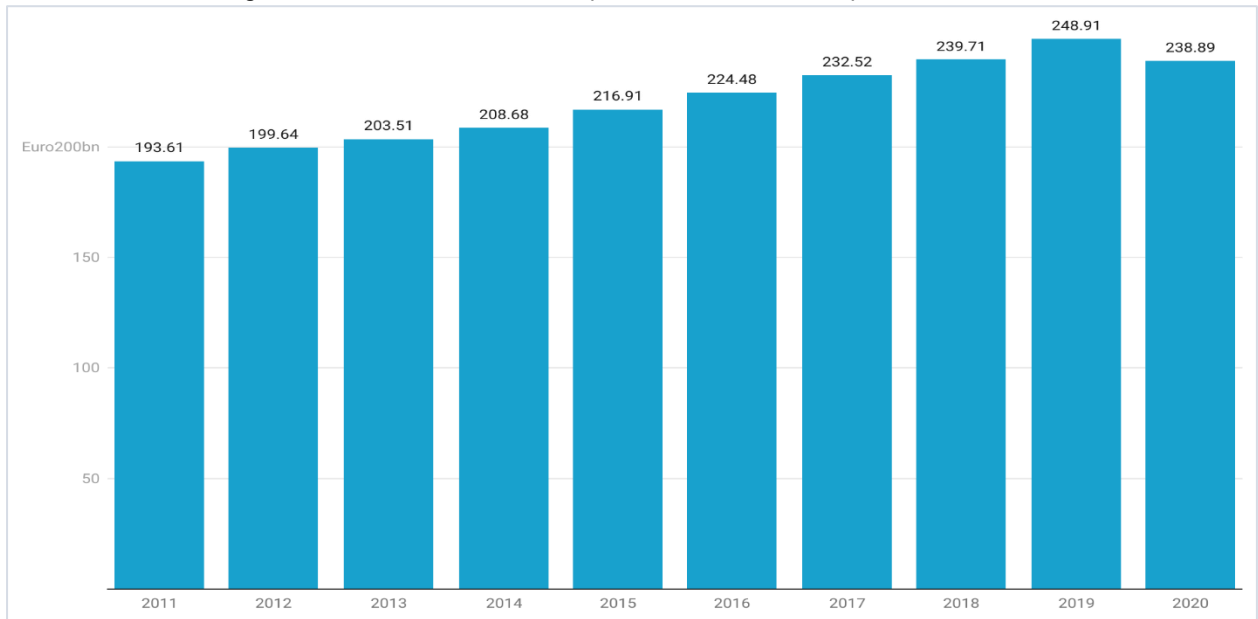
FIGURE 1: ECONOMIC GROWTH RATE, 2012- 2022F



Source: Statistics Flanders, 2022

The Flemish region's Gross Value-Added (GVA), between 2011 and 2020, is shown in Figure 2 below. In 2020, the GVA for the Flemish Region was EUR238.89bn, decreasing by 4.0% from 2019 value of EUR248.91. Also, considering the years under review, this was the first time the region's GVA declined; and that can be attributed to the economic impact of the COVID-19 crisis. The sanitary measures and the curtailment of a number of economic activities caused a decline in gross value added (Flanders Investment and Trade, 2022).

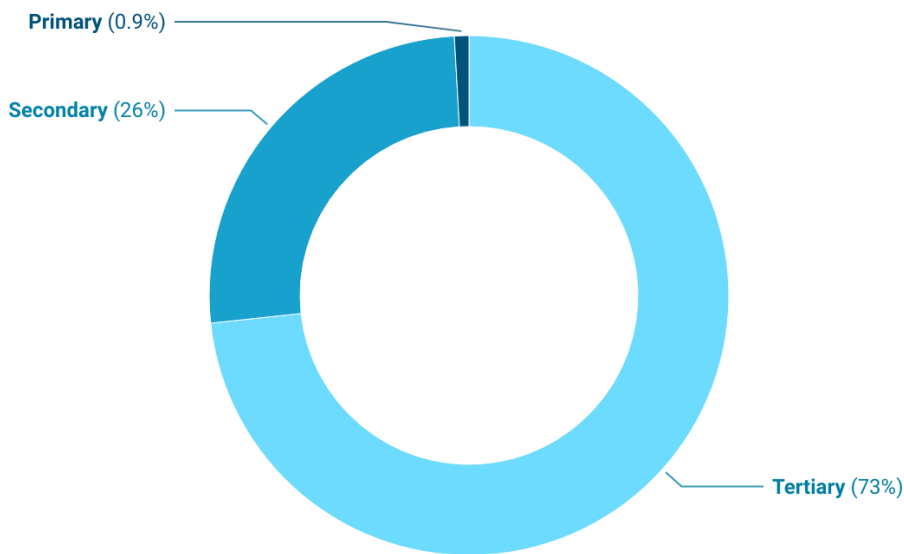
Figure 2: GROSS VALUED ADDED (CURRENT PRICES, € BN), 2011 - 2020



Source: Institute of National Accounts, 2022; Statistics Flanders, 2022

The contributions of the primary, secondary and tertiary sectors to Flanders' GDP are shown in Figure 3 below. The region has a typical well-developed economy based on the services sector, which accounts for 73.3%. The secondary sector's contribution to GDP is about 25.8%, while the primary sector only accounts for 0.9%.

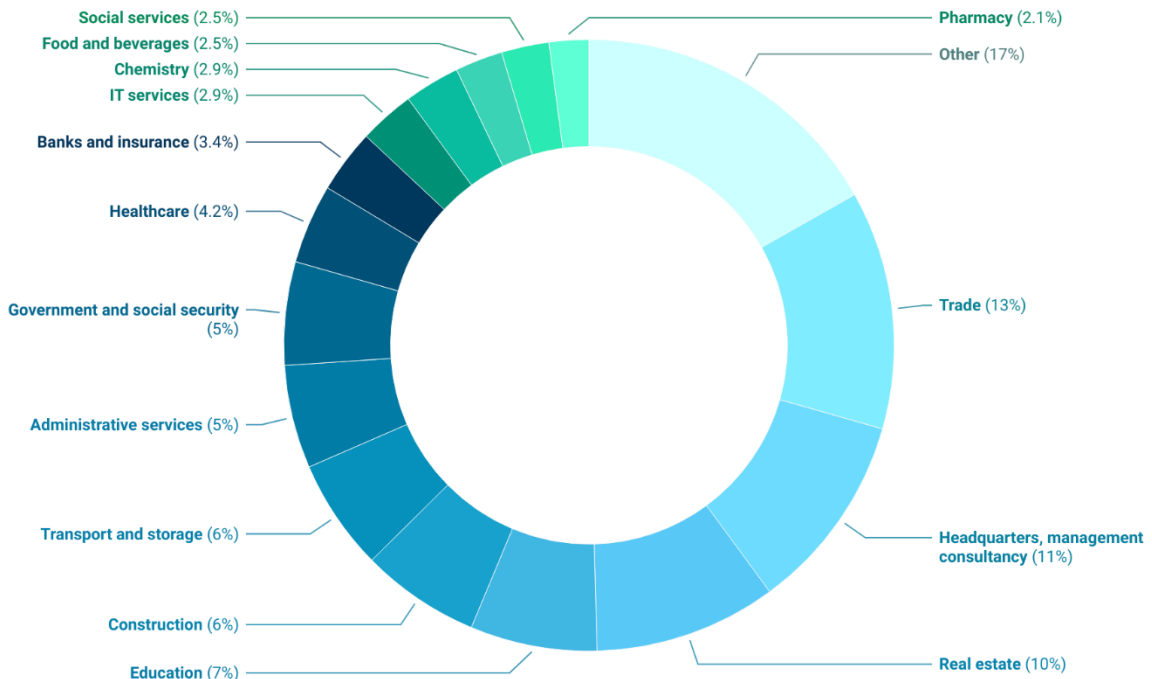
FIGURE 3: FLANDERS GDP SECTORAL CONTRIBUTION, 2021



Source: Flanders Finance and Budget, 2022

The highest contributing sector to Flanders economy in 2020 was trade (13%) as shown in Figure 4 below. Followed by headquarters, management consultancy (11%), and real estate (10%) in second and third positions, respectively.

FIGURE 4: GVA BY SECTOR, 2020



Source: Statistics Flanders, 2022

These are some of the most important industries in Flanders:

Agriculture

Agriculture in the region comprises three major activities: arable farming, horticulture and livestock farming. However, various players also specialise in biopharming, green biotech and more. With a surface area of just 13 625 km², Flanders is home to 23 361 agricultural businesses, 514 of which focus on biopharming. The region generates an annual value of EUR 38.4bn in

agricultural exports, mainly fresh meat, dairy and cocoa products, but also fertilizers, agricultural equipment and pesticides. The sector employs 48 453 people in Flanders, equal to 39 315 full-time equivalents.

Chemicals

Flanders is home to Europe's largest and the world's second-largest integrated **petrochemical** cluster, situated at the Port of Antwerp. Belgium and Flanders rank as the world's number 1 for chemicals and plastics sales per capita, generating an annual turnover of EUR 65.5bn in 2018. The chemical industry provides 92 568 direct jobs and 210 000 indirect jobs in Flanders, making it one of the region's biggest employers.

Food industry

No fewer than 3 169 food players provide 64 341 direct jobs and 129 062 indirect jobs in Flanders. 80% of the Belgian food industry's overall turnover is generated in the region of Flanders. As such, Flanders' food industry has an annual turnover of EUR 41.9 billion, compared to 51.8 billion in Belgium as a whole. Food products are among Flanders' most successful international trade flagships. As such, the industry accounts for an annual EUR 22.6 billion in exports.

The digital industry

Flanders has extensive knowledge in several strategic digital domains, including nanotechnology, banking solutions, telematics and geo-ICT, telecom and network equipment, digital audio, video & printing solutions, and software products.²

2. Trade

Flanders' Global Trade

In 2021, Flanders exported EUR380.5bn worth of goods, while the region's imports of goods amounted to EUR379bn. More than 60% of the region's exports went to European Union (EU) member states, 11.1% to European countries outside the EU and 24.4% to the rest of the world. Overall, the region's exports demonstrated strong growth in North America (+16.7%), Central America (+30.9%), South America (+30.7%), Asia (+40.5%), the Middle East (+37%), Africa (+51.1%) and Oceania (+49.4%). Pharmaceutical, chemical and mineral products were Flanders' top exported products.

FIGURE 5: FLANDERS GOODS EXPORTS, 2021



Source: Flanders Investment and Trade, 2022

² Flanders Trade and Investment, 2022

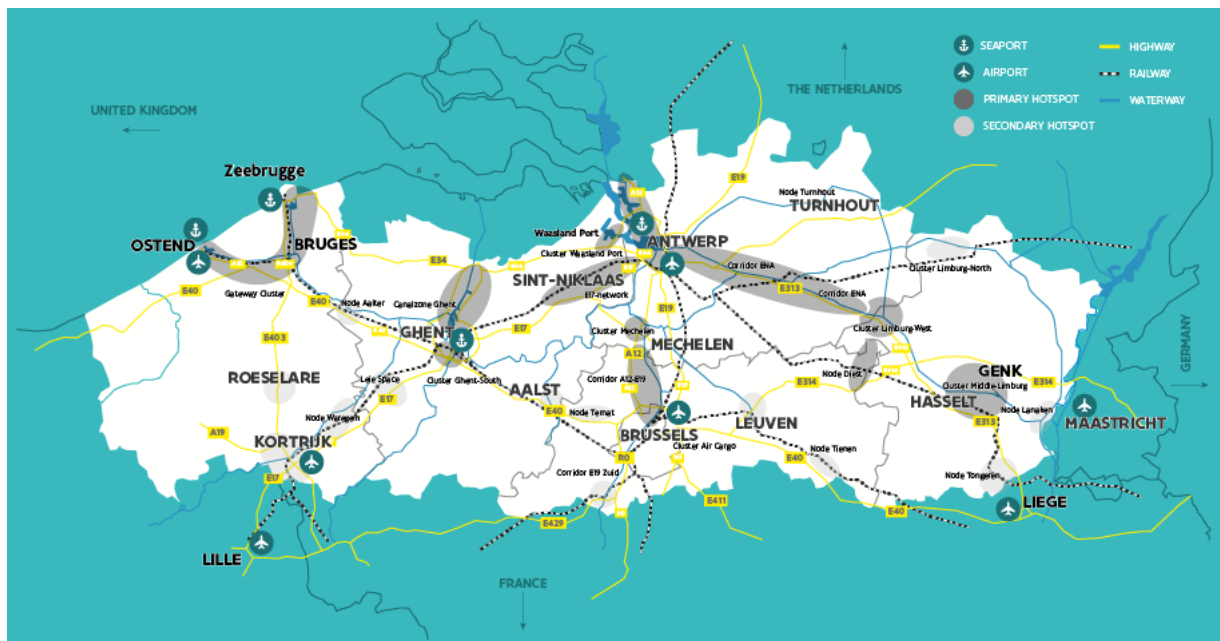
South Africa trade relations with Europe (Flanders)

- The European Union is the largest trading partner and most important investor in South Africa. The economic bloc has the highest income per capita and 65% of the purchasing power is located in the centre of Europe, with Belgium as one of the important players.
- The exchange rate of the Euro stayed very stable and increased more than 25% versus the Rand since the beginning of the 2020 pandemic, making exporting more valuable and making the South African products more competitive on the European market.
- South Africa is one of the few African countries with an Economic Partnership Agreement (EPA) with Europe. The partnership reduces trade barriers and minimises import duties and levies on both sides.
- South Africa is logistically well connected with Europe and Belgium, with different international shipping lines connecting the Port of Antwerp with Cape Town and Durban. South Africa has a direct airlink with Belgium thanks to a cargo line with Zaventem (Brussels) and the airport of Liege (TNT).³

Flanders is Europe's logistics hub

Flanders' infrastructure offers a one-of-a-kind array of advantages when it comes to setting up European logistics or distribution activities. The seaports of Antwerp, Zeebrugge, Ghent and Ostend are the perfect ocean-going gateways for the fast handling of goods to and from anywhere in the world. Brussels Airport, Antwerp International Airport and Ostend-Bruges International Airport are well-equipped. Also, the road, rail, waterway, and pipeline connections of Flanders are among Europe's densest.

FIGURE 6: FLANDERS LOGISTICS



Source: Flanders Investment and Trade, 2022

3. Investment

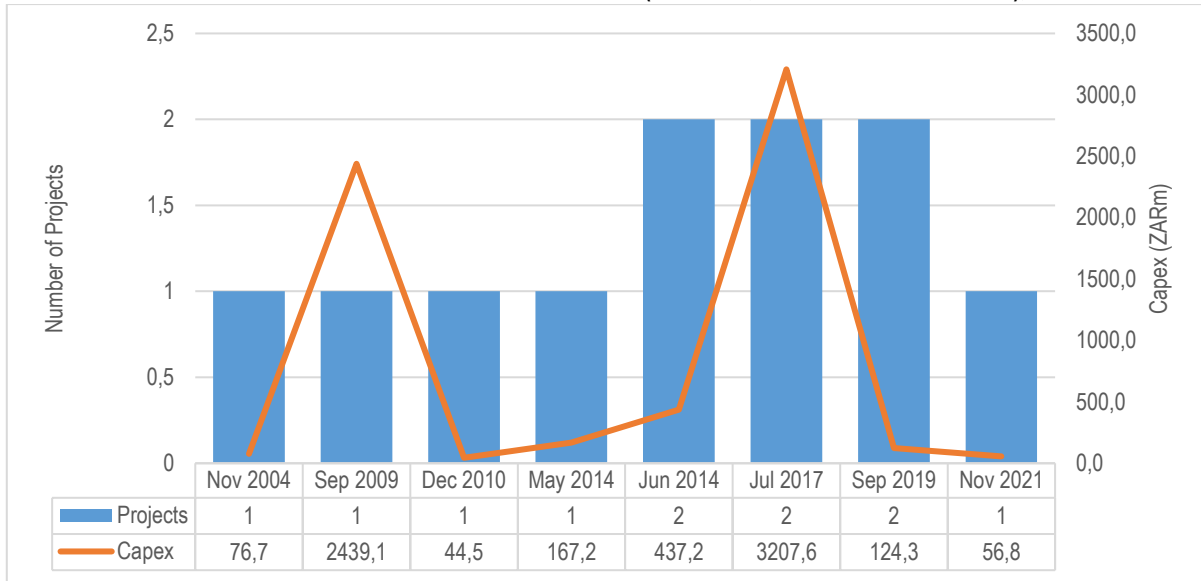
This section analyses Foreign Direct Investment (FDI) flows between Flanders and South Africa as well as the Western Cape.

3.1 FDI from Flanders into South Africa

Between January 2003 and November 2021, Flanders undertook a total of 10 FDI projects into South Africa. These projects generated an estimated capex of ZAR6.55bn, leading to the creation of about 566 jobs.

³ Embassy of Belgium - Delegation of Flanders in Southern Africa, 2022

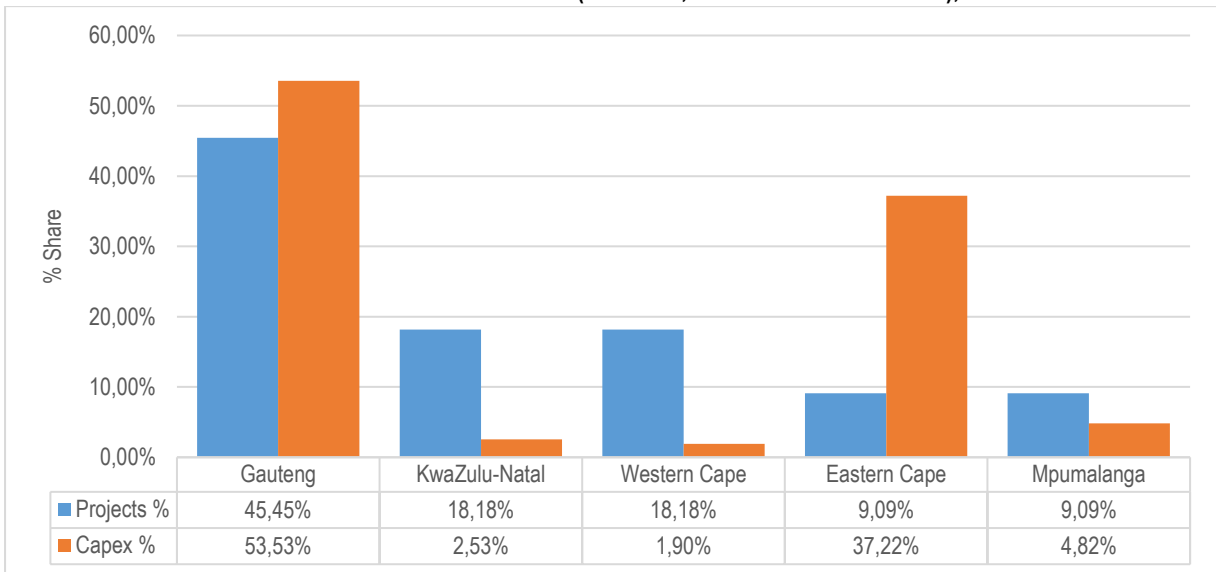
FIGURE 7: FDI FROM FLANDERS INTO SOUTH AFRICA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

From a **provincial perspective**, as presented below in Figure 8, Gauteng was the largest recipient of Flemish FDI into South Africa over the review period, both in terms of the number of projects (42.67%) and capex (53.53%). This was followed by KwaZulu Natal and the Western Cape which equally accounted for 18.18% of all projects.

FIGURE 8: FDI FROM FLANDERS INTO SA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

The following investments were made by Flemish companies into South Africa between January 2003 and November 2021:

TABLE 2: FDI MADE BY FLANDERS INTO SOUTH AFRICA, 2003 – OCT 2021

DATE	INVESTING COMPANY	DESTINATION CITY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Nov-21	Pluczenik	Ekurhuleni	Minerals	Manufacturing	56.8	30
Sep-19	South African Breweries	Caledon	Food & Beverages	Research & Development	80.4	17
Sep-19	TVH Parts South Africa	Durban	Industrial equipment	Sales, Marketing & Support	44.5	12
Jul-17	South African Breweries	Rosslyn	Food & Beverages	Manufacturing	1603.8	35
Jul-17	South African Breweries	Alberton	Food & Beverages	Manufacturing	1603.8	35
Jun-14	Ixerv	Not Specified	Software & IT services	Business Services	121.2	231
Jun-14	Keestrack	Middelburg	Industrial equipment	Headquarters	316.0	49
May-14	Helion Research	Johannesburg	Business services	Headquarters	167.2	76
Dec-10	Sarens South Africa	Cape Town	Industrial equipment	Sales, Marketing & Support	44.5	17
Sep-09	Electrawinds	Gqeberha (Port Elizabeth)	Renewable energy	Electricity	2439.1	31
Nov-04	Candico	Johannesburg	Food & Beverages	Manufacturing	76.7	33
TOTAL					6553.9	566

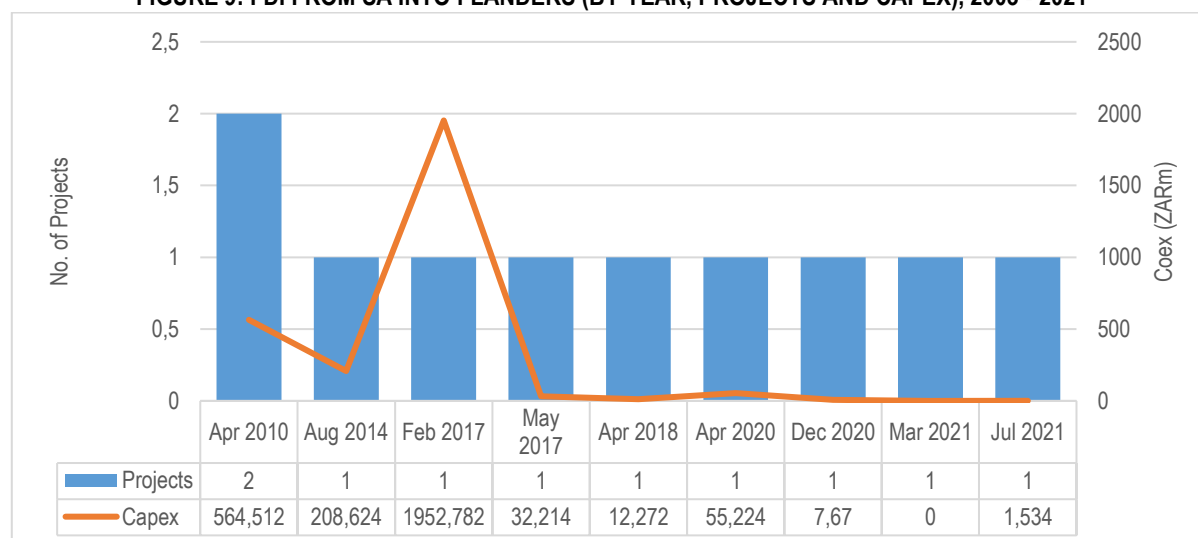
Source: FDI Markets, 2022

3.2 FDI from South Africa into Flanders

7

Investments made by South Africa into Flanders between January 2003 and November 2021 are shown in Figure 9 below. A total of 10 FDI projects were recorded from South Africa into Flanders over the review period. These projects represented a total capital investment of ZAR2.83bn, which equated to an average investment of ZAR283.8m per project. During the period 251 jobs were created.

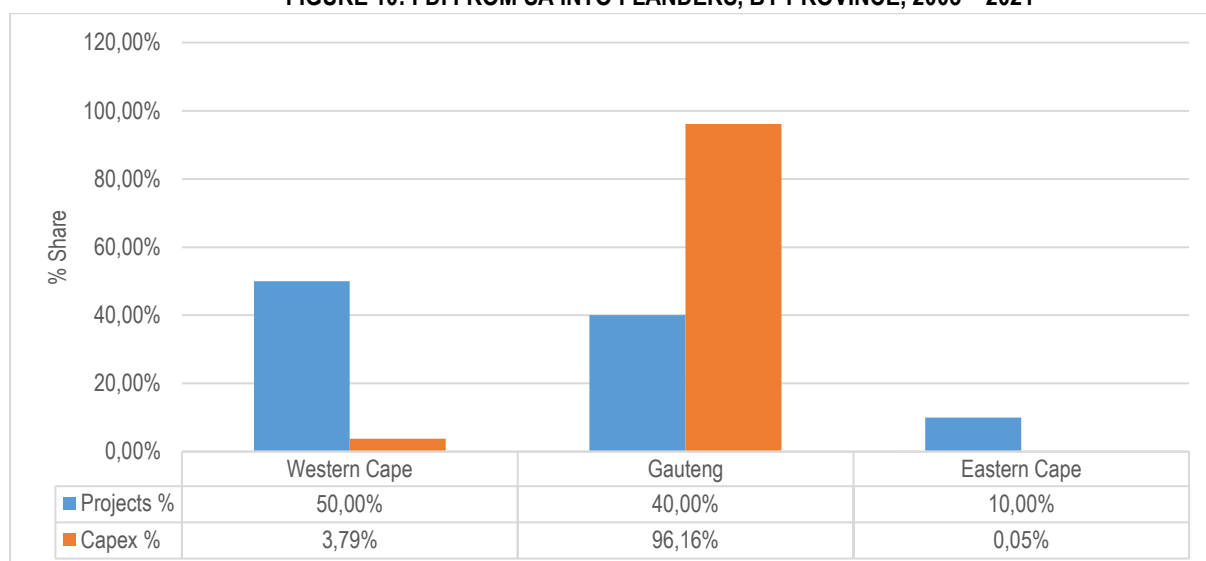
FIGURE 9: FDI FROM SA INTO FLANDERS (BY YEAR, PROJECTS AND CAPEX), 2003 - 2021



Source: FDI Markets, 2022

From a **provincial perspective**, as represented below, the Western Cape was the largest source market of South African FDI into Flanders in terms of the number of projects (50%). While Gauteng was the largest source market of South African FDI into Flanders in terms capex (40%).

FIGURE 10: FDI FROM SA INTO FLANDERS, BY PROVINCE, 2003 – 2021



Source: FDI Markets, 2022

The following investments were made by South African companies into Flanders between January 2003 and November 2021:

TABLE 3: FDI MADE BY SOUTH AFRICAN COMPANIES INTO FLANDERS, 2003 – NOV 2021

DATE	INVESTING COMPANY	DESTINATION	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
2021 Jul	COMPRSA	Flemish Brabant	Software & IT services	Headquarters	1.7	3
2021 Mar	G Studio Branding Agency	Flemish Brabant	Business services	Business Services	0.1	1
2020 Dec	Simera Sense	Flemish Brabant	Space & defence	Sales, Marketing & Support	7.7	5
2020 Apr	GlueData	Flemish Brabant	Software & IT services	Sales, Marketing & Support	55.4	2
2018 Apr	Broekhuizen Metal Pressings	East Flanders	Metals	Sales, Marketing & Support	12.3	6
2017 May	Metacom	Flemish Brabant	Communications	Sales, Marketing & Support	32.2	5
2017 Feb	Sappi	Limburg (BE)	Paper, printing & packaging	Manufacturing	1952.8	150
2014 Aug	Bidvest Deli XL	East Flanders	Food & Beverages	Logistics, Distribution & Transportation	208.9	15
2010 Apr	Mondi Coatings	Antwerp	Plastics	Manufacturing	300.7	18
2010 Apr	ECHO Group	Limburg (BE)	Building materials	Manufacturing	263.8	46
TOTAL					2835.5	251

Source: FDI Markets, 2022

3.3 FDI from Flanders into Western Cape

Over the period, January 2003 to November 2021, Flanders companies invested in 2 FDI projects in the Western Cape. These projects represented a total capex of ZA124.9bn and 34 jobs were created.

TABLE 4: FDI MADE BY FLANDERS INTO THE WESTERN CAPE, 2003 – NOV 2021

DATE	INVESTING COMPANY	DESTINATION CITY	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Sep-19	South African Breweries	Caledon	Food & Beverages	Research & Development	80.4	17
Dec-10	Sarens South Africa	Cape Town	Industrial equipment	Sales, Marketing & Support	44.5	17
TOTAL					124.9	34

Source: FDI Markets, 2022

3.4 FDI from Western Cape into Flanders

A total of 9 FDI projects, representing a capex of ZAR107bn, were made by the Western Cape into Flanders. These projects created 19 jobs in total.

TABLE 5: FDI MADE BY WESTERN CAPE COMPANIES INTO FLANDERS, 2003 – NOV 2021

DATE	INVESTING COMPANY	DESTINATION	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
01-Mar	G Studio Branding Agency	Flemish Brabant	Business services	Business Services	0,1	1
01-Dec	Simera Sense	Flemish Brabant	Space & defence	Sales, Marketing & Support	7,7	5
01-Apr	GlueData	Flemish Brabant	Software & IT services	Sales, Marketing & Support	55,4	2
01-Apr	Broekhuizen Metal Pressings	East Flanders	Metals	Sales, Marketing & Support	12,3	6
01-May	Metacom	Flemish Brabant	Communications	Sales, Marketing & Support	32,2	5
TOTAL					107,6	19

Source: FDI Markets, 2022

For more information on this publication and other Wesgro publications please contact research@wesgro.co.za or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>

Disclaimer: Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.