

Wallonia (Belgium)

September 2022

1. Economic Overview



Wallonia is one of the three regions of Belgium. It covers an area of 16,844 km² and has a population of 3.4 million people. Together with Brussels, Wallonia is the region of Belgium where the predominant language is French as well as German, English, Dutch and many others.

Located close to Brussels, the capital of the European Union, Wallonia is strategically positioned to benefit from dense communication networks. Having access to a market of 375 million consumers; distribution is facilitated by highly developed infrastructures including five multi-modal platforms at the gateway to Germany, the Netherlands and France. Wallonia is also one of the largest global exporters per citizen. Although Wallonia represents approximately 0.1% of global GDP, Walloon businesses represent 0.3% of global trade. Almost 70% of the global turnover of Walloon businesses is for export, one of the highest export rates in the world. By comparison, the

European Union average is only 30% (Wallonia Export Investment, 2022).

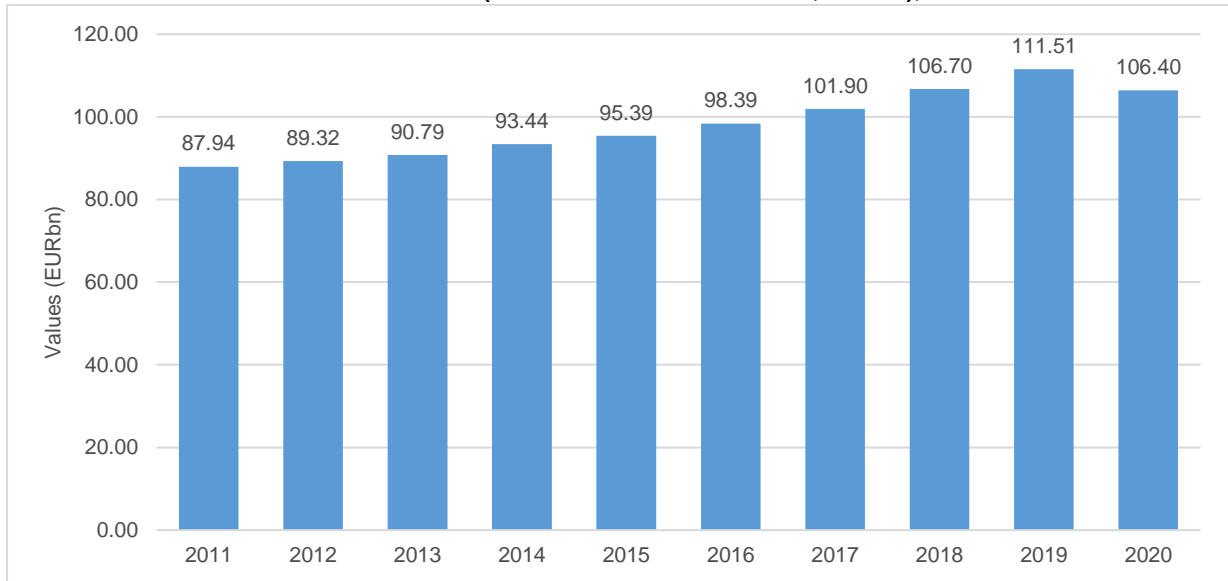
TABLE 1: ECONOMIC INFORMATION

Capital	City of Brussels
Minister-President	Elio Di Rupo
Population (2020 est.)	3.6 million
Area	16,844 km ²
GDP (current market prices) (2020 est.)	EUR1.60bn
GDP per capita (current market prices) (2020 est.)	EUR29, 176
GVA Real Growth Rate (2020 est.)	-5.9%
Exports (2021)	EUR58.91bn
Imports (2021)	EUR41.18bn
Inward FDI (2000 - 2020)	1,780 projects; EUR16,2 capex; 38,620 jobs

Sources: *Wallonia, 2022; Eurostat, 2022; National Bank of Belgium; 2022, Wallonia Export & Investment, 2020*
 Note: Exports and import values are in current prices

The figure below demonstrates Wallonia's GDP (in nominal terms) between 2011 and 2020. The COVID19 pandemic in 2020 and 2021, resulted in a 4.59% decline in the region's GDP in 2020 (valued at EUR106.40bn) from EUR111.51bn in 2019.

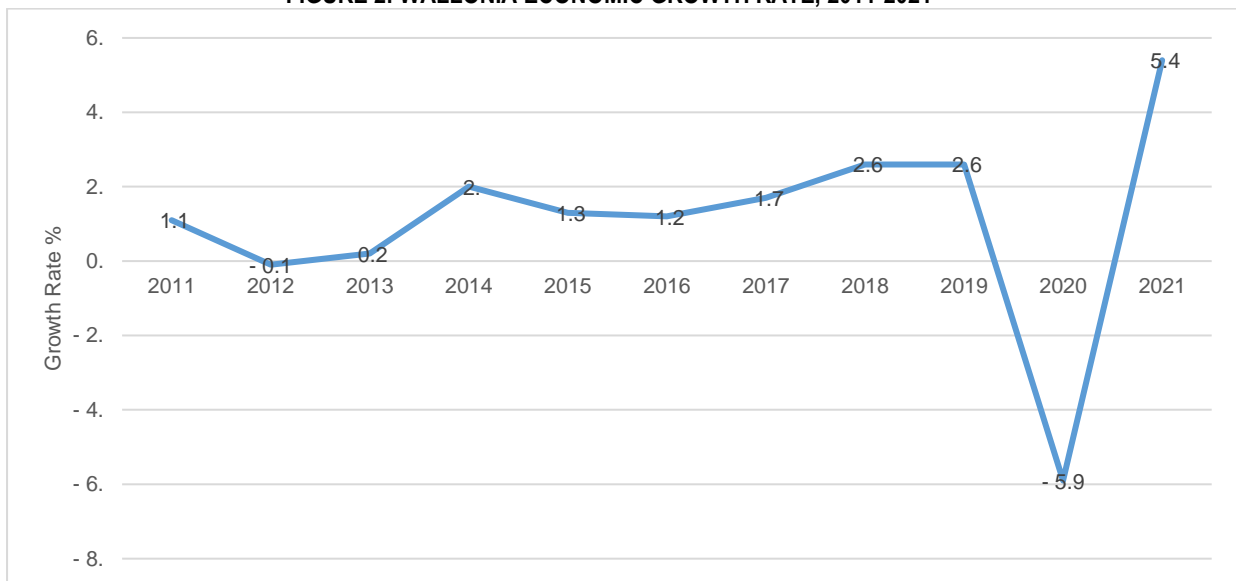
FIGURE 1: WALLONIA GDP (CURRENT MARKET PRICES, EURbn), 2011 - 2020



Source: Eurostat, 2022

When considering the real GDP growth rate for the period 2011 to 2020 as shown in figure 2 below, Wallonia's economy declined by 5.9% in 2020 from a positive growth rate of 2.6% in 2019. Nevertheless, the 2020 GDP contraction in Wallonia was smaller than that of the euro area (-6.3%). For 2021 the economy grew by 5.4% (Planning Bureau, 2021).

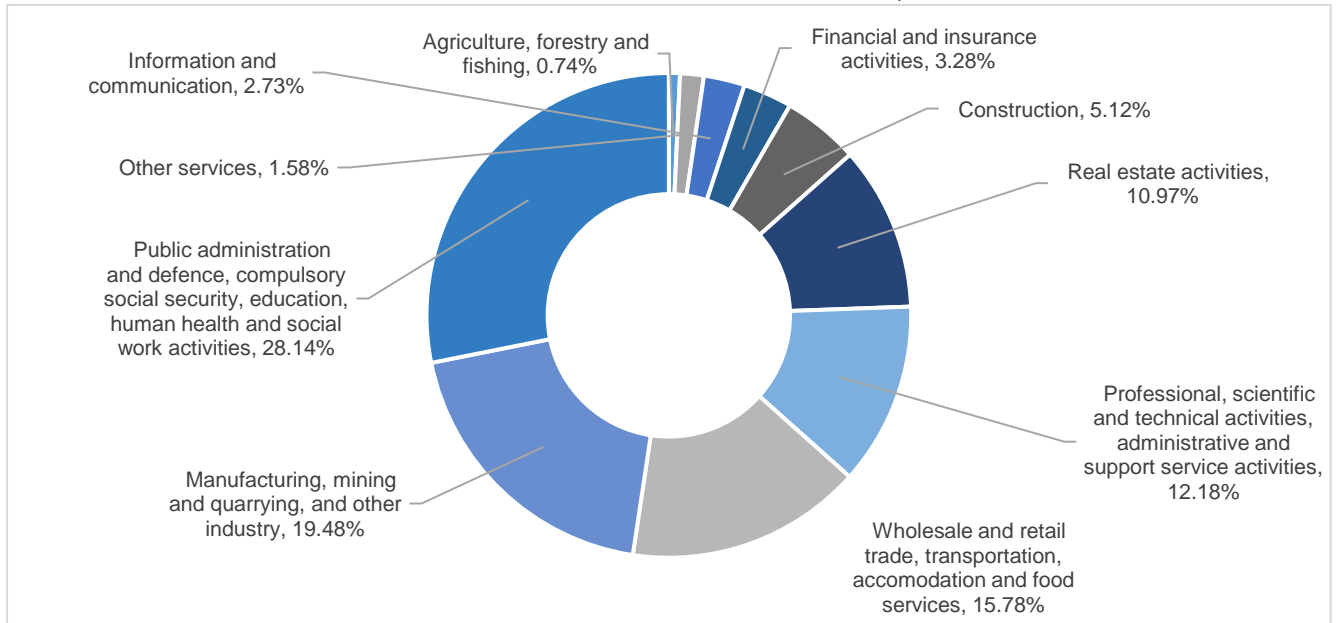
FIGURE 2: WALLONIA ECONOMIC GROWTH RATE, 2011-2021



Source: Eurostat, 2022

The contribution of various economic sectors to Wallonia's GDP in 2020 are shown in Figure 3 below. The sectors which made the largest contribution to GVA in 2020 were the public administration and defence sector (28.14%), manufacturing, mining and quarrying (19.48%), and wholesale and retail trade, transportation (15.78%).

FIGURE 3: WALLONIA GVA SECTORAL CONTRIBUTION, 2020



Source: National Bank of Belgium - Statistics; 2022

Sectors

Wallonia is notably competitive in **life sciences, agribusiness transport-logistics, mechanical engineering, aeronautics-space and environmental technologies**. The clusters were set up in 2001 and the competitiveness centres in 2005 to increase regional competitiveness in the sectors in which Wallonia already had potential.

Wallonia's average annual export growth of 6.3% in the agribusiness, transport and logistics, aeronautics-space, life sciences, chemistry and sustainable materials sectors over the last ten years has made Wallonia one of the best performing regions of Europe. In these sectors, Wallonia is well ahead of the average growth rate (4.1%) for exports in the EU and its four neighbours (Flanders, France, Germany and the Netherlands).

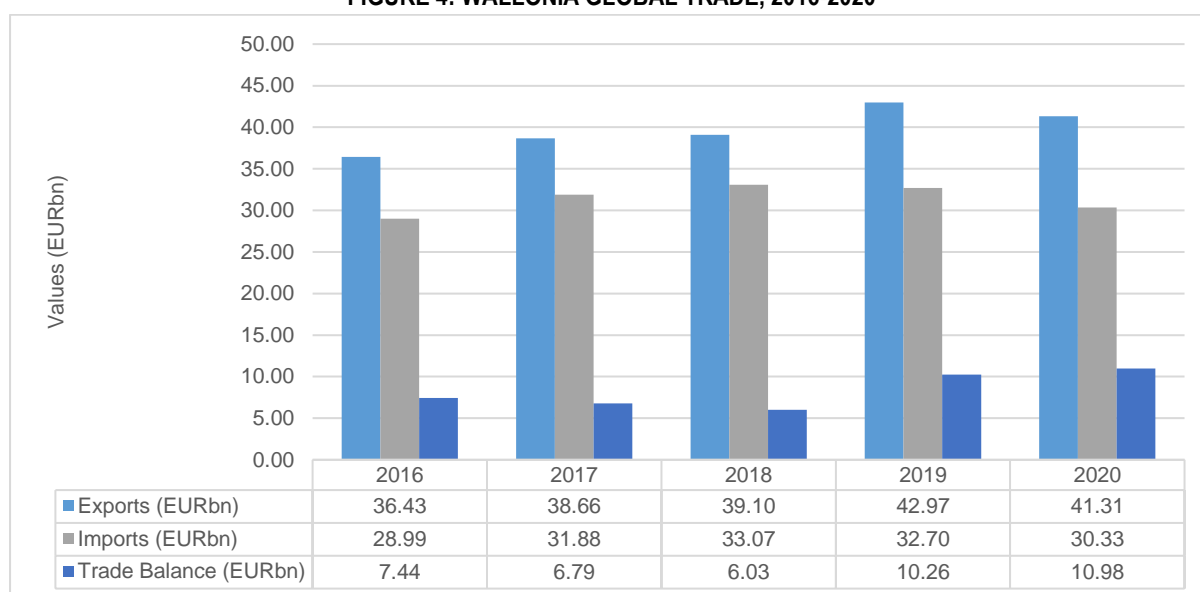
Other important sectors include plastics, photonics and digital technologies.

2. Trade

2.1 Wallonia Global Trade

Wallonia's global trade for the period 2016 to 2020 is shown in figure 4 below. The region's strength in exports is shown by its trade surplus, recorded throughout the period under review. Furthermore, in 2020, Wallonia withstood the negative impact of the COVID-19 pandemic, with exports declining only slightly and the region still recorded a trade surplus. Exports decreased from EUR42.97bn to EUR41.31bn in 2020. While imports declined from EUR32.70bn in 2019 to EUR30.33bn in 2020.

FIGURE 4: WALLONIA GLOBAL TRADE, 2016-2020



Source: National Bank of Belgium - Statistics; 2022

Trade Products

Wallonia's top export category in 2021 were products of the chemical or allied industries valued at EUR21.84bn, equivalent to 37.08% of all export receipts earned by the region. This was followed by mineral products at a value of EUR7.69bn (13.05%), and base metals and articles of base metals at EUR6.82bn (11.57%).

Products of the chemical or allied industries was also Wallonia's top import category in 2021, at a cost of EUR14.67bn. This was equivalent to 35.62% of all import costs incurred by the region in 2021. Base metals and articles of base metal placed second at a cost of EUR5.67bn (13.78%), while machinery and mechanical appliances; electrical equipment came third at a value of EUR4.65bn (11.30%).

TABLE 2: WALLONIA TOP TRADED PRODUCTS, 2021

WALLONIA TOP EXPORT PRODUCTS, 2021				WALLONIA TOP IMPORT PRODUCTS, 2021			
Rank	PRODUCT HS4:	VALUE, 2021 (EURbn)	% SHARE 2021	Rank	PRODUCT HS4:	VALUE, 2021 (EURbn)	% SHARE 2021
1	Products of the chemical or allied industries	21,84	37,08%	1	Products of the chemical or allied industries	14,67	35,62%
2	Mineral products	7,69	13,05%	2	Base metals and articles of base metal	5,67	13,78%
3	Base metals and articles of base metal	6,82	11,57%	3	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and	4,65	11,30%

					reproducers, and parts and accessories of such articles		
4	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	4,35	7,39%	4	Vehicles, aircraft, vessels and associated transport equipment	2,41	5,86%
5	Vehicles, aircraft, vessels and associated transport equipment	3,64	6,18%	5	Mineral products	2,19	5,32%
6	Plastics and articles thereof; rubber and articles thereof	3,32	5,64%	6	Plastics and articles thereof; rubber and articles thereof	2,00	4,86%
7	Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	2,97	5,05%	7	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	1,60	3,88%
8	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	1,99	3,38%	8	Live animals; animal products	1,55	3,76%
9	Live animals; animal products	1,44	2,44%	9	Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	1,45	3,53%
10	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	1,00	1,70%	10	Textiles and textile articles	0,98	2,38%
TOTAL		58,91	100,00%			41,18	100,00%

Source: National Bank of Belgium - Statistics; 2022

Bilateral trade relations between Wallonia and South Africa¹

- In 2015, exports from SA to Wallonia totalled EUR141m (ZARR2.1bn). More than 90% of this comprised base metal products.
- Conversely, South African imports from Wallonia amounted to EUR82m (ZAR1.3bn).
- In the same year, South Africa was Wallonia's largest African export market, ahead of Morocco, Algeria and Egypt.
- Exports from Wallonia to SA comprised primarily chemicals & pharmaceuticals (42% of the total) and equipment & machinery (18% of the total).

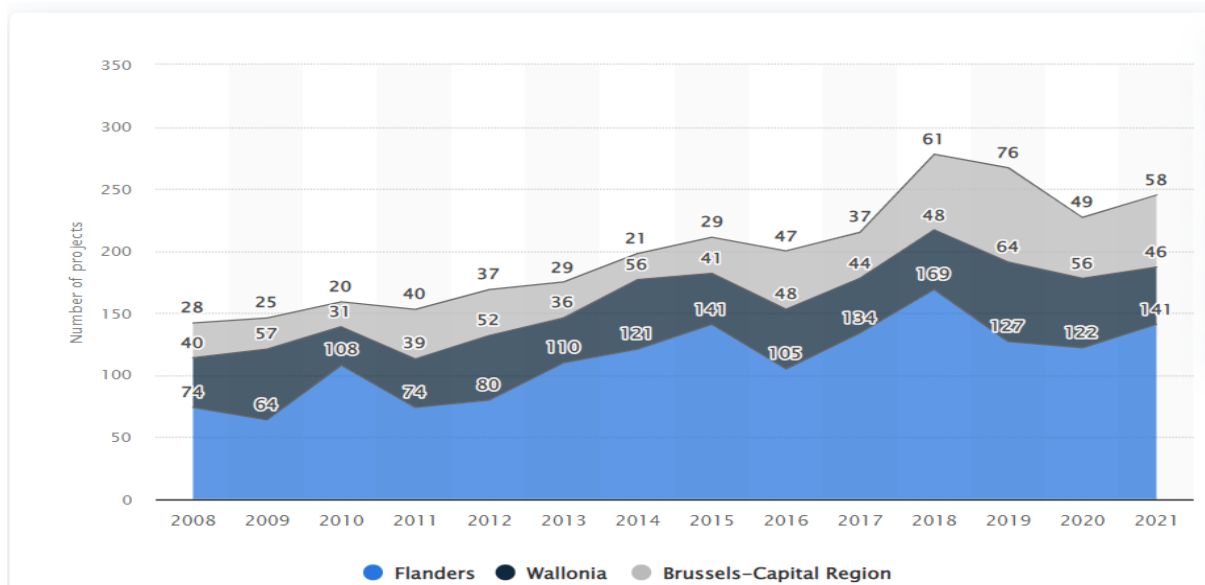
¹ Wallonia Export Investment, 2022

3. Investments

3.1 Wallonia FDI Trends

The figure below shows the number of inward FDI projects and jobs created into Belgium’s regions between 2019 and 2021. A total of 245 foreign direct investment projects were recorded into Belgium in 2021, 141 of these were in Flanders, 58 to Brussels and a further 46 were in Wallonia.

FIGURE 5: INWARD FDI INTO BELGIUM REGIONS, 2008 - 2021



Source: Statista, 2022

Projects

By number of jobs created, foreign investments into Wallonia led to the creation of 1, 021 jobs in 2021.

TABLE 3: INWARD FDI INTO BELGIUM - JOB CREATION BY REGION, 2019 - 2021

	2019	2020	jobs/project	
			2021	2021
Flanders	3,514	3,404	5,532	39
Wallonia	1,856	1,242	1,021	22
Brussels	32	452	415	7
Belgium	5,402	5,098	6,968	28

Source: EY, 2021

Source Markets

Wallonia's top source markets for inward FDI in 2021 were France which invested 12 projects, followed by China (9 projects) and the United States (8 projects).

TABLE 4: INWARD FDI INTO BELGIUM – SOURCE MARKETS BY REGION, 2019 - 2021

Flanders				Wallonia				Brussels			
	2019	2020	2021		2019	2020	2021		2019	2020	2021
US	20	13	35	France	19	7	12	France	15	12	14
UK	18	18	24	China	2	20	9	UK	13	11	10
Netherlands	20	21	17	US	11	8	8	Germany	5	1	6

Source: EY, 2021

3.2 Investment relations between Wallonia and South Africa²

South African companies in Wallonia

- Several major SA companies, including Bidvest, NTP, SAPPI and Mondi operate in Europe from Wallonia.
- The Wallonia Export-Investment Agency (AWEX) has recently intensified its campaign to attract more South African direct investment. As a result, a new investment in Wallonia in the sector of civil aviation by the Airplane Factory was officialised in 2015.
- Dimension Data, headquartered in Johannesburg, also announced an investment of ZAR105m (EUR7m) in July 2021, in a data centre that is managed in partnership with a local company.

Walloon companies in South Africa

- Several companies originating from Wallonia have established businesses in SA. They include Beka-Schreder (public lighting equipment), François Compressors (PET compressors for the beverage industry), Hamon (cooling systems for power plants), Magotteaux (mining equipment and supplies), Solvay Polymers (performance plastics), Sopura (cleaning and disinfection solutions in the brewing and beverage industries), Derbigum (roofing) and Swift (secure messaging services for banks).

² Wallonia Export-Investment Agency (AWEX), 2022

4. Tourism

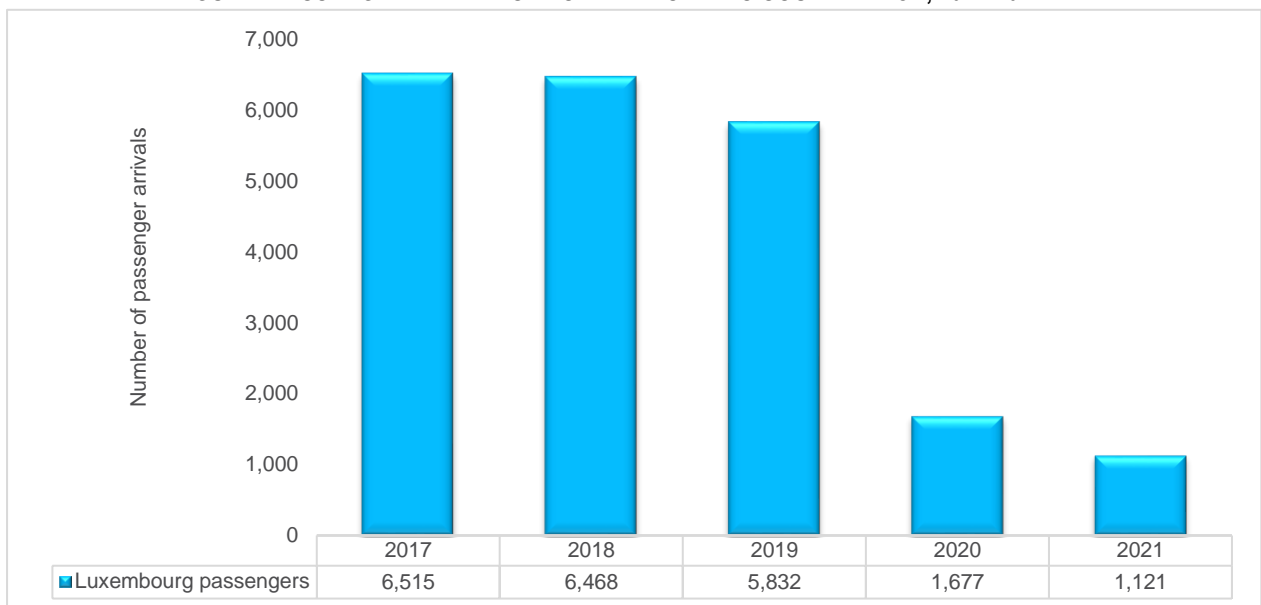
4.1 Wallonia Passenger Arrivals to South Africa

Tourism has the potential to play a significant role in the economic aspirations of many European Union (EU) regions and can be of particular importance in remote/peripheral regions, such as the EU's coastal, mountainous or outermost regions.

The graph below depicts passenger arrivals from Luxembourg, a country based within the Wallonia region. Pre-Covid 19 (2017-2018), South Africa welcomed over 6,000 passengers from Luxembourg. The numbers however declined to just over 1,000 during the pandemic.

Between January and June 2022, South Africa recorded 1,044 passengers from Luxembourg and recovered to 39% when compared to the same period in 2019.

FIGURE: PASSENGER ARRIVALS FROM WALLONIA TO SOUTH AFRICA, 2017-2021



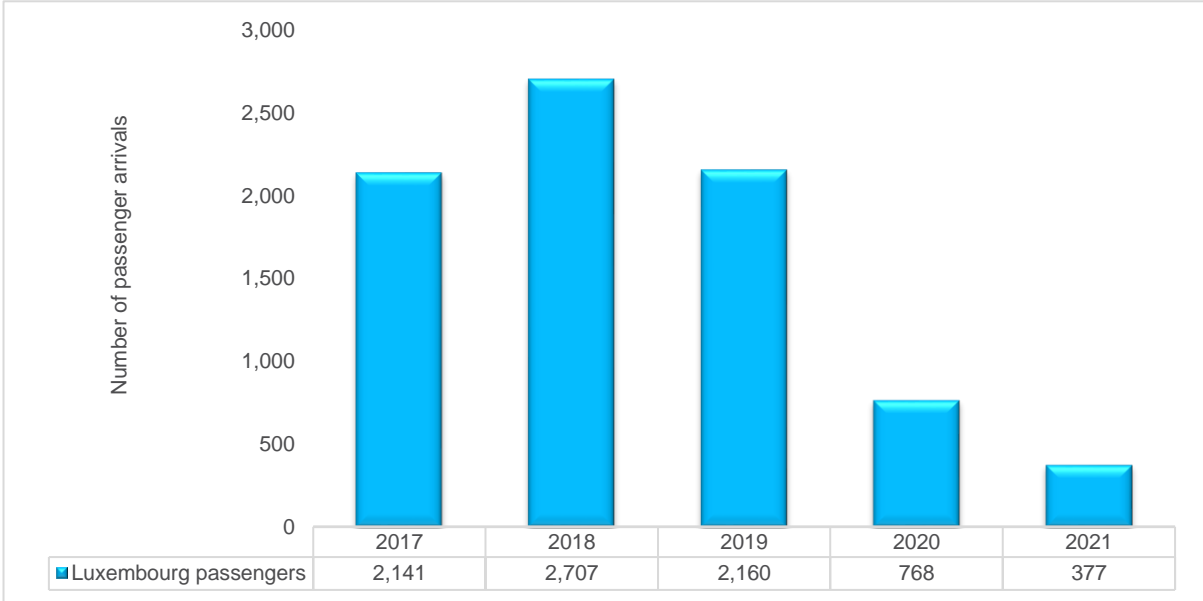
Source: OAG Traffic Analyser, 2022

4.2 Wallonia Passenger Arrivals to Cape Town

Over the period under review, 2018 had the highest (2,707) share of tourists from Luxembourg travelling to Cape Town. Passenger levels have since declined, with 2021 seeing a drop of close to 400 passengers when compared to 2020 (768).

Between January and June 2022, Cape Town welcomed a total of 405 passengers from Luxembourg and recovered to 40,3% when compared to the same period in 2019.

FIGURE: PASSENGER ARRIVALS FROM WALLONIA TO CAPE TOWN, 2017-2021



Source: OAG Traffic Analyser, 2022

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