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USDA Foreign Agricultural Service

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## Belgium-Luxembourg Agricultural Situation Scope Paper 2003 2003

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**Report Highlights:**

This paper provides an overview of Belgium's political, socio-economic, trade and agricultural situation.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
The Hague [NL1]  
[BE]

**SCOPE PAPER: BELGIUM**

**POLITICAL:** Belgium is home to the European Union, NATO and many other international organizations. It became a constitutional monarchy in 1830. Albert II has been King since 1993. The federal government's executive branch is comprised of the King, Prime Minister, and Cabinet. The 71-member Senate and 150-member Chamber of Representatives constitute the legislative branch. Guy Verhofstadt, the Prime Minister, is a member of the Flemish "Liberal" Party (VLD), which is conservative. There has been a gradual devolution of power since 1993 from the central government to its three regions: Flanders, Wallonia and Brussels.

**SOCIO-ECONOMIC:** The population of Belgium is 10.3 million, with 338 people per square kilometer. Population breakdown by language is Dutch speaking (Flemish), 58%; French speaking (Walloons), 32%; and German speaking, 10%. The economy expanded by 0.7 percent in 2002 with per capita GDP at \$23,934. Unemployment in 2002 was 7.6 percent and inflation was 1.6 percent. The service sector accounts for over 70 percent of employment. The food and beverage sector contributed about 14 percent to total industrial output. Consumer expenditures for food amount to about 16 percent of the total consumer spending. Farmers constitute 1% of the population. Forty-five percent of the total area is devoted to agriculture. The value of agricultural production was \$6.09 billion in 2001, 74.1 percent of which is produced in Flanders. Principal commodities in 2002 were pork, \$1.6 billion, horticultural products, \$1.4 billion, dairy, eggs and poultry, \$1.38 billion, and beef, \$0.69 billion.

**GENERAL AND AGRICULTURAL TRADE:** Merchandise trade accounts for 70 percent of Belgian GDP. The country had a positive trade balance in 2002 of \$16.52 billion. The main exports were chemicals, machinery and appliances, transport equipment and metals. Belgium is the world's leading exporter of diamonds and carpets, and second for chocolate products and margarine. Germany, France and The Netherlands are its main EU partners and the U.S. is the largest non-EU trading partner. U.S. exports to Belgium were \$12.99 billion and U.S. imports from Belgium were \$16.77 billion. Half of Belgian food and beverage production is exported. Food and Ag exports (incl. fish and forestry products) were \$ 21.90 billion in 2002, \$340.25 million of which were shipped to the U.S., mainly grain derived products, chocolates, wood panel products, wine and beer. U.S. agricultural, fish and forestry exports to Belgium were \$505.95 million. Major U.S. exports were tobacco, soybeans, tree nuts, forest products, juices and wheat.

**AGRICULTURAL POLICY:** The Federal Ministry of Agriculture has been split into Walloon and Flemish regional Ministries. Both focus on agricultural production issues. The spokesperson for Agriculture in the EU AgCouncil is Mrs. Sabine Laruelle, the Federal Minister of Small Enterprises and Agriculture. The position she takes on issues placed before the AgCouncil is mainly determined by the regional Ministers. In response to the 1999 dioxin crisis, all food safety functions were centralized under the Federal Ministry of Public Health. The Federal Minister of Public Health, Minister Demotte has authority over the Federal Agency for the Safety of the Food Chain (FAVV).

**INVESTMENTS:** Total cumulative U.S. direct investments in Belgium for 2002 were \$24.1 billion, mainly in pharmaceuticals, automotive parts, chemicals and petroleum refining, compared to \$19.4 billion in 2001. Belgian foreign direct investment in the US in 2002 was \$14.7 billion, largely in steel, automotive and food retailing. The U.S. food retailer Food Lion is owned by Delhaize, the 3rd largest food retailer in Belgium after Carrefour and Colruyt.