



AMCHAM BELGIUM

AMERICAN CHAMBER OF COMMERCE IN BELGIUM

Priorities for a Prosperous Belgium

Recommendations for Belgium's Policy Makers

September 2009



Summary

Belgium has well-recognized advantages and strengths which make its business climate attractive. Yet Belgium witnessed slower investment growth over the past five years, compared to some of its neighboring countries (such as Luxembourg and The Netherlands).

Surveys reveal that this is mainly due to the fact that Belgium is not highly ranked among its peers when it comes to issues related to taxation and labor cost, employment flexibility and regulation. Belgium has high gross salaries but low take-home pay, a consequence of having the highest tax wedge of all OECD Member States. In addition, businesses must comply with regulatory procedures which are both time-consuming and costly, and stringent employment-related rules prevent a flexible labor force.

In the midst of an uncertain and challenging 2009, AmCham Belgium believes that, now more than ever, it is the time to address these limitations and improve the economic prosperity of Belgium. The measures described below will help retain the leading investment contribution of US companies in Belgium. In our view, this can be accomplished by focusing on the following six priority areas:

LOWER EMPLOYMENT COSTS AND TAXATION

- 1 Reduce employer social security costs to 20% of gross wages
- 2 Reduce corporate tax to 25%

FACILITATE ECONOMIC ACTIVITY AND INNOVATION

- 3 Reduce administrative burdens
- 4 Support R&D and encourage innovation-oriented education

STIMULATE A LARGER AND MORE FLEXIBLE WORKFORCE

- 5 Increase workforce participation, particularly amongst older workers
- 6 Improve employment flexibility and reform wage indexation

Introduction

Belgium clearly faces a challenging 2009 and 2010. In 2009, Belgium's GDP is projected to contract by 3.5% and with Belgium's four largest trading partners (Germany, France, The Netherlands and the UK) all in recession as at Q1 2009,¹ a quick recovery would appear to be difficult.

Such a challenging situation creates both an opportunity and an imperative to act on the fundamental limitations on Belgium's prosperity. Private sector activity represents more than 70% of Belgium's GDP². Hence, addressing the limitations on business in particular will be essential for a strong recovery.

Although the business perspective is admittedly our starting point, we firmly believe that appropriately addressing the current restrictions placed on business would prove of immense benefit to all the stakeholders in Belgium. Improving the climate for business and for foreign investors in particular, will help re-establish the much needed virtuous cycle of employment, growth, viable social programs, and shared prosperity.

BELGIUM'S COMPETITIVE ADVANTAGES FOR DOING BUSINESS

Belgium has well-recognized strengths as a place to do business: a location in the heart of Europe, a multi-lingual and well-educated workforce and a high-quality transport and telecommunications infrastructure (see Exhibit 1 below and Exhibit A1, in the Appendix, for a summary of the results of AmCham Belgium's 2008 Business Confidence Survey).³

Thanks to these fundamental advantages, Belgium continues to attract significant amounts of Foreign Direct Investment (FDI). Compared to its GDP, Belgium has one of the highest stocks of FDI in the world (see Exhibit 2).⁴ Although much of this FDI comes from neighboring countries, FDI from the US (USDI) remains significant. Over the past 5 years, however, USDI into Belgium has been falling behind that of other European nations with Ireland, Luxembourg, Switzerland, and The Netherlands all

¹ National Bank of Belgium, June 2009.

² Eurostat: Gross Value Added by sector. 2007.

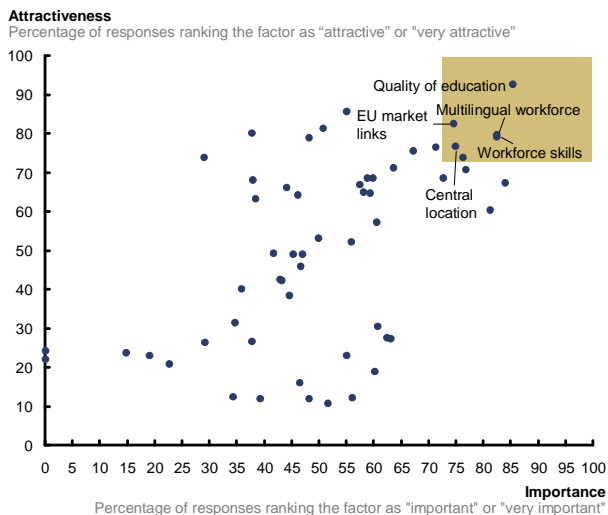
³ The Business Confidence Survey is conducted by AmCham Belgium among its entire membership every 3 years.

⁴ For more detail on FDI in Belgium, see AmCham Belgium's annual publication 'US Direct Investment in Belgium', available via www.amcham.be.

attracting at least twice as much USDI as Belgium, indicative perhaps of certain of the challenges to Belgium being viewed as truly 'business friendly'.⁵

EXHIBIT 1

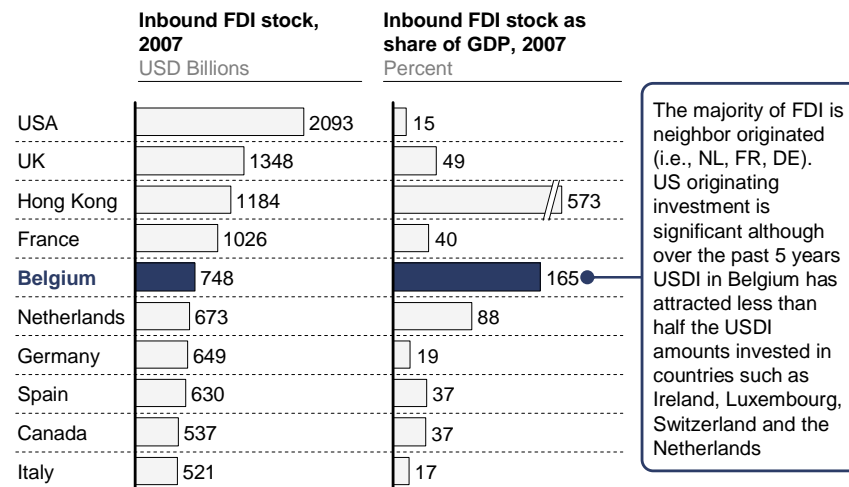
Central location, quality of education and skilled workforce are recognized strengths of Belgium



SOURCE: AmCham Belgium Business Confidence Survey 2008

EXHIBIT 2

Belgium's intrinsic strengths translate into very high levels of foreign direct investment



SOURCE: UNCTAD; Bureau of Economic Analysis 2009

⁵ Bureau of Economic Analysis 2009.

A BUSINESS FRIENDLY BELGIUM?

A review of major business competitiveness rankings reveals that Belgium is not highly placed amongst its peers in Europe (see Exhibit 3). The trend in business competitiveness is relatively static, with some recent EU entrants—increasingly viable competitors with Belgium for the location of investments such as in shared services centers—gaining ground (see Exhibit A2 in the Appendix).⁶

EXHIBIT 3

Belgium is not recognized as a highly "business friendly" country

■ Other European countries

IMD WORLD ECONOMIC FORUM Business competitiveness rating 2008/09		World Bank Ease of doing business ranking 2008		Heritage Foundation Economic Freedom index 2009	
Rank	Country	Rank	Country	Rank	Country
1	United States	1	Singapore	1	Hong Kong
2	Switzerland	2	New Zealand	2	Singapore
3	Denmark	3	United States	3	Australia
4	Sweden	4	Hong Kong	4	Ireland
5	Singapore	5	Denmark	5	New Zealand
6	Finland	6	United Kingdom	6	United States
7	Germany	7	Ireland	7	Canada
8	Netherlands	8	Canada	8	Denmark
9	Japan	9	Australia	9	Switzerland
10	Canada	10	Norway	10	United Kingdom
11	Hong Kong SAR	11	Iceland	11	Chile
12	United Kingdom	12	Japan	12	Netherlands
13	Korea, Rep.	13	Thailand	13	Estonia
14	Austria	14	Finland	14	Iceland
15	Norway	15	Georgia	15	Luxembourg
16	France	16	Saudi Arabia	16	Bahrain
17	Taiwan, China	17	Sweden	17	Finland
18	Australia	18	Bahrain	18	Mauritius
19	Belgium	19	Belgium	19	Japan
20	Iceland	20	Malaysia	20	Belgium

SOURCE: WEF; World Bank; Heritage Foundation

An analysis of the drivers behind Belgium's underperformance in these rankings points to issues such as taxation; labor and the regulatory environment (see Exhibit 4). AmCham Belgium's Business Confidence Survey confirms these as problem areas for investors (see Exhibit A3 in the Appendix).

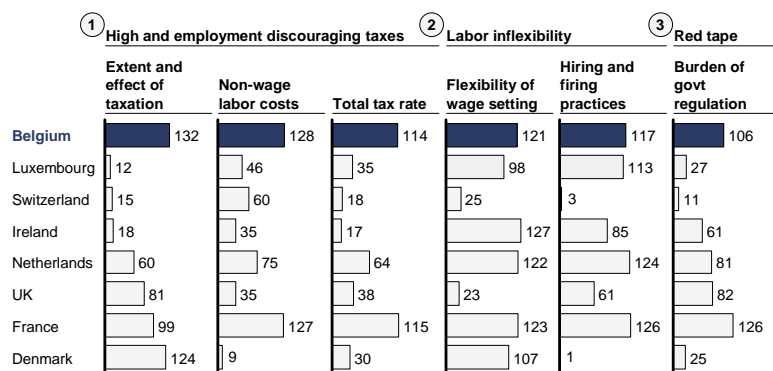
This furthermore requires a stable business environment driven by stable government policies and ongoing dialogue between government and business.

⁶ For example, based on the IMD World Competitiveness Center's overall competitiveness ranks, between 2005 and 2009, Slovenia increased its ranking 43 to 34, whereas Belgium has remained around 20.

EXHIBIT 4

Three significant policy imposed weaknesses undermine Belgium's intrinsic strengths

World Economic Forum ranking out of 134 countries on selected competitiveness drivers



In a dataset of 134, Belgium is amongst the world's worst on elements of taxation, flexibility and red tape

SOURCE: World Economic Forum 2009

Based on these sources and on our ongoing involvement in policy discussions and our direct interaction with US and other investors in Belgium, AmCham Belgium has identified six areas of priority we believe must be strengthened in order to improve Belgium's attractiveness for business. These priorities are summarized in the following pages, with more detail in the Appendix:

LOWER EMPLOYMENT COSTS AND TAXATION

- 1 Reduce employer social security costs to 20% of gross wages
- 2 Reduce corporate tax to 25%

FACILITATE ECONOMIC ACTIVITY AND INNOVATION

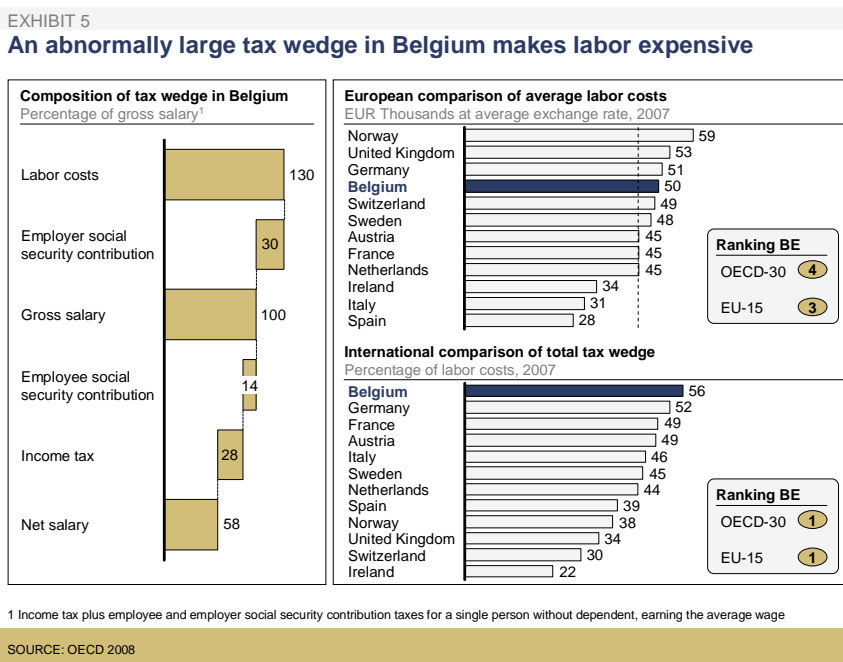
- 3 Reduce administrative burdens
- 4 Support R&D and encourage innovation-oriented education

STIMULATE A LARGER AND MORE FLEXIBLE WORKFORCE

- 5 Increase workforce participation, particularly amongst older workers
- 6 Improve employment flexibility and reform wage indexation

1. Reduce employer social security costs to 20% of gross wages

In Belgium, labor costs are high, but take-home wages are not. Belgium has the OECD's largest 'tax wedge'⁷ leading to the 4th highest average labor cost in Europe (see Exhibit 5). The large tax wedge results primarily from large social security charges. AmCham Belgium's 2008 Business Confidence Survey demonstrated that the resulting high cost of labor is a key factor discouraging investment and new employment.



In order to decrease the cost of labor and thereby stimulate the generation of much needed new jobs, **the Government should target an employer social security contribution of 20% of gross wages** (which means a decrease of one-third from today's 30%). An employer contribution of 20% would bring Belgium into line with neighboring countries (see Exhibit A4 in the Appendix).

⁷ The 'Tax wedge' is the gap between the take-home pay of an employee and the cost of employment to the employer.

IMPACT FOR BELGIUM

Reducing social security charges for employers would provide a much needed boost to employment and growth in Belgium. A Federal Planning Bureau analysis of reducing social security contributions in Belgium concluded that 'reducing the tax wedge undeniably boosts economic activity and increases the employment rate.'⁸ Extrapolating Federal Planning Bureau estimates,⁹ the reduction proposed here could stimulate an increase in the employment of 2% to 4%.

SHORT-TERM ACTIONS TO PURSUE

- **Reduce Social Security Contributions for low-wage young workers:**
As a first step, we recommend focusing on reducing employer social security contributions for low-wage young workers. Indeed, another Federal Planning Bureau analysis suggests that lowering the labor cost for this group has a larger positive effect on overall employment than doing the same for any other group.¹⁰

⁸ Federal Planning Bureau, Press Release, Oct 5, 2007.

⁹ A Federal Planning Bureau study concluded that a 1% reduction in GDP invested in fiscal and parafiscal social security contribution would lead to the generation of 50,000 to 100,000 new jobs. By simple extrapolation, the proposed 33% decrease in employer social contribution results in 2.7% reduction of GDP invested which would in turn generate between 2 and 4% increase in employment. Source: FPB Working Paper, Nov 2007.

¹⁰ FPB Working Paper, Dec 2007.

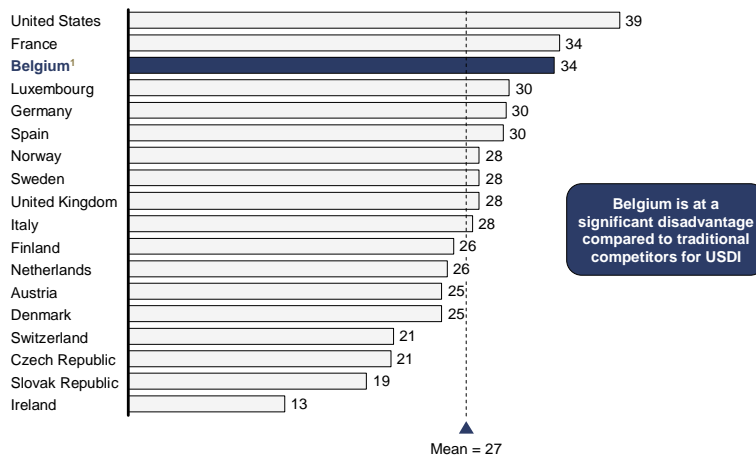
2. Reduce corporate tax to 25%

Nominal corporate taxation in Belgium is the second highest in Europe, at nearly 34% (see Exhibit 6). Of course, the Notional Interest Deduction (NID) is a significant advantage, reducing the effective tax rate for businesses in many cases to less than 30%.

EXHIBIT 6

Headline corporate taxation is high although notional interest deduction is a significant advantage

Combined corporate income taxation rate, percent



¹ Excludes Notional Interest Deduction benefit which can decrease effective taxation rate to ~26%

SOURCE: OECD 2008 Tax database

Despite the NID, Belgium's level of corporate taxation remains an issue for 70% of respondents to AmCham Belgium's Business Confidence Survey. To strengthen Belgium's attractiveness for business, **we recommend that the nominal corporate tax rate be reduced to 25% in the short run and to 15% in the long run whilst retaining the NID.**¹¹

IMPACT FOR BELGIUM

This measure will significantly stimulate investment and business activity, strengthening Belgium's ability to attract and retain the business activity that will

¹¹ Total taxation is also high, see A5 in the Appendix.

provide future employment. Importantly, reducing corporate taxation will not necessarily result in reduced taxation receipts for the government in the longer term. OECD analysis has shown that lowering corporate taxation has boosted government revenue in some countries, thanks to higher overall profitability and the increased size of the corporate sector.¹²

Lowering corporate tax is also clearly linked to increased growth. A 10% decrease in corporate tax rates has been associated with a 0.6 to 1.1% increase in annual growth of GDP per capita.¹³

Lowering corporate taxation in Belgium therefore promises accelerated economic growth and employment without compromising government tax receipts and a broader social agenda.

SHORT-TERM ACTIONS TO PURSUE

- **Defend the NID:** AmCham Belgium recommends maintaining the NID and vigorously defending it from any challenge (e.g., the current EU investigation). Not only has the NID regime proven to be a positive and innovative attraction for new business, but any significant reduction in the regime would be highly detrimental in terms of the perception of (in)stability and (un)reliability of Belgian tax laws and overall investment climate.
- **Improve communication of existing business advantages:** Clearer communication of the existing advantages of doing business in Belgium is also essential to avoid the 'sticker-shock' that many potential investors have at headline corporate taxation and social security rates in Belgium. AmCham Belgium proposes that a concise information package on tax incentives and funding opportunities for business in Belgium be developed. It should also clearly explain the effect of the NID on total corporate taxation. Such a package would need to integrate both regional and federal government measures.

¹² OECD, 2007. OECD, Dec 2008.

¹³ Lee, Y. and R. H. Gordon, 2004.

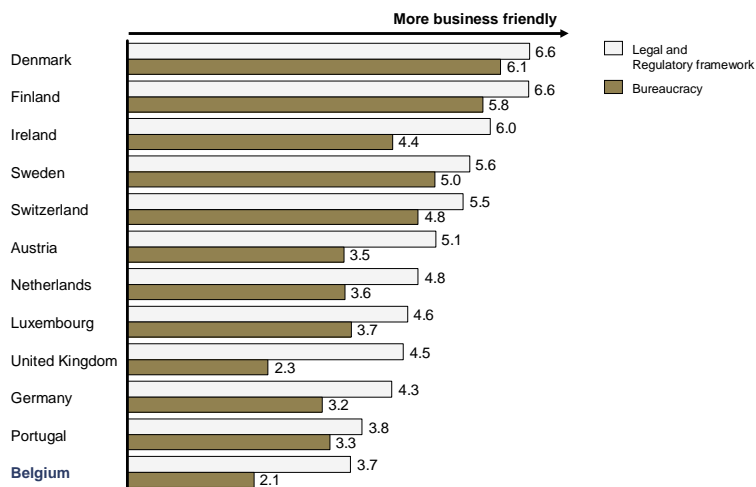
3. Reduce administrative burdens

Regulatory procedures for businesses in Belgium are costly and time-consuming. In 2006, regulation compliance cost companies a total of €6.5bln in lost productivity (see Exhibit A6 in Appendix).¹⁴ The 2009 IMD World Competitiveness Survey (see Exhibit 7) ranks Belgium among those countries where bureaucracy and regulatory frameworks are the least friendly to business.

EXHIBIT 7

Belgium is not positively perceived on administrative and regulatory matters

Countries are ranked on a scale of 0 (least friendly) to 10 (most friendly)



SOURCE: IMD World Competitiveness Survey 2009

Respondents to AmCham Belgium's 2008 Business Confidence Survey also rated the "burden of government regulations" and "labor regulation and flexibility" as amongst the least attractive features of Belgium. Worryingly, around 90% of respondents see either no improvement or a deterioration of these factors between 2003 and 2007 (see Exhibit A7 in Appendix).

¹⁴ This figure represents economic and opportunity compliance costs of complying with tax regulation, environmental regulation and employment regulation. Source: Federal Planning Bureau.

To make progress in the reduction of administrative burdens, AmCham Belgium believes that the Government, supported by the Agency of Administrative Simplification, should intensify its efforts to collect and act on reform proposals from individuals and companies (as a continuation of the Kafka Program).¹⁵

IMPACT FOR BELGIUM

Decreasing administrative burdens for business would accelerate investment projects and the associated employment and growth benefits. Entrepreneurial activity and innovation, in particular, would benefit from reduced red tape, allowing increased job creation in areas that will be central to Belgium's recovery and future.

Improved administrative efficiency in Belgium would also allow important savings for government. Compared to its population, Belgium has the third largest civil service in Europe (4.2 administrators per 100 citizens, only France and Luxembourg being larger).¹⁶ Belgium could therefore benefit from increased administrative efficiency by gradually reducing civil service employment through natural attrition, at the same time releasing scarce public resources for priority areas such as health and education.


SHORT-TERM ACTIONS TO PURSUE


- **Improve foreign worker procedures:** Reducing the current time-consuming procedures on hiring foreign workers should be a priority, with a special focus on:
 - Implementing one-stop procedures, ideally a single agency to provide a single permit for residence, work and driving across communes or regions.
 - Shortening the duration required to obtain a Work Permit to a maximum of 2 weeks (currently a minimum of 4 weeks is required).

- **Enhance LIMOSA:** For the specific cases of highly-qualified foreign nationals, we propose immediate improvements to the LIMOSA framework:
 - In the list of categories of exempt employees, include high-qualified employees or management executives working continuously in Belgium for up to 3 months.

¹⁵ The Kafka Program offered a convenient one-stop agency to address the questions and recommendations of companies and citizens regarding administrative simplification and support. Source: Kafka report II, 2006.

¹⁶ Eurostat 2009; CIA World Factbook 2008-2009.

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- Allow the simplified declaration for any relevant employee working in Belgium for a continuous total period of a maximum of 6 months in a calendar year.

 - **Create single-window agencies:** To simplify administrative processes more generally, single-window agencies should be created around comprehensive themes (e.g., investment proposals). Clear deadlines for administrative responses should also be introduced (e.g., assuming a positive response in the event no-reply is received from an administration within 35 days after document submission,)
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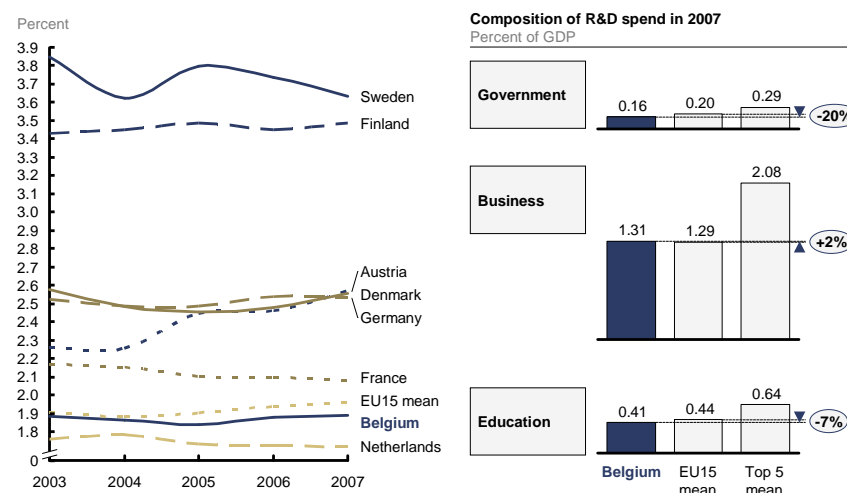
4. Support R&D and encourage innovation-oriented education

The 2008 European Innovation Scoreboard defined Belgium as an “Innovation follower,” falling behind “Innovation leaders” such as Sweden, Denmark and the UK.¹⁷ As a share of GDP, Belgium’s government spends 20% less than the EU15 average on R&D (see Exhibit 8).

EXHIBIT 8

Belgium’s R&D expenditure is consistently below the EU15 mean

R&D Expenditure as percentage of GDP



SOURCE: OECD 2008

In addition to lower R&D expenditures, successful innovation in Belgium is limited by a lack of entrepreneurial skills. Such skills could be better developed through targeted curricula at the secondary school level and enhanced internship opportunities at the tertiary level.

¹⁷ European Innovation Scoreboard 2008: Comparative Analysis of Innovation Performance.

IMPACT FOR BELGIUM

Countries and sectors that are more successful on R&D and innovation (e.g., Sweden and Finland, as well as the pharmaceutical sector in Belgium) maintain higher productivity levels and cross-sector growth rates.¹⁸

Belgium should also not rely on innovation spill-over effects from neighboring countries. Although such effects positively impact the national economy, it has been shown that more significant and long-term impact on productivity and growth results from innovation by domestic companies.¹⁹

Supporting R&D and encouraging innovation-oriented education will thus help capture important employment and growth benefits urgently needed for Belgium, especially for younger people (see Exhibit A9 in the Appendix).

SHORT-TERM ACTIONS TO PURSUE

- **Increase government R&D spending:** Government spending on R&D should increase by 25% to reach the EU15 mean.²⁰ This will require reinforcement and stability of the R&D stimulating measures
- **End 'claw-backs':** To preserve basic market incentives for innovation, opportunistic taxation 'claw-backs' on successful innovation-intensive industries such as pharmaceuticals should be ended.
- **Encourage internships for students:** To improve the entrepreneurial and business skills of young graduates, we propose obligatory 3-month internships for all first degree students. Additionally, tax and social support regulations for students and their parents should be corrected to remove the current negative consequences for students taking on internships.
- **Develop an entrepreneurship curriculum for secondary schools:** To stimulate entrepreneurship, we recommend the launch of a national entrepreneurship curriculum to be tested in selected pilot schools in 2010-2011.²¹

18 Ulku, H. Oxford Economic Papers, 2007.

19 Cameron, G. Oxford University, 1998.

20 An increase in 25% of government contribution to R&D would raise the amount to .2% of GDP - the EU15 mean.

Source: OECD 2008 statistics on R&D expenditure.

21 Courses could be developed with the support of organizations with experience in the area such as Junior Achievement, the International School of Brussels and the Network for Training Entrepreneurship.

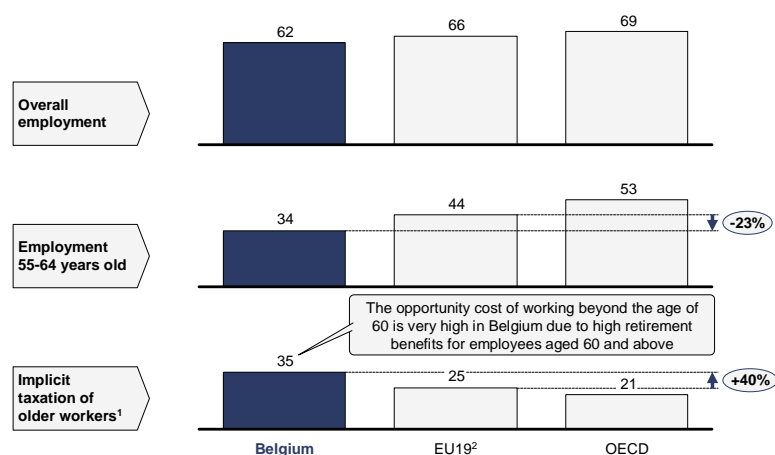
5. Increase workforce participation, particularly amongst older workers

People aged 55 and above represent a significant and increasing share of Belgium's employable population but relatively few are actually engaged in work. The employment rate of workers aged 55-64 in Belgium is only 34% (see Exhibit 9) – the second lowest in Europe and much lower than the 70% rate in Sweden and Norway (see Exhibits A10 and A11 in the Appendix).²² The average exit age, 61 years, is also the lowest. As a result, only 62% of Belgium's employable population actually works – a significantly lower share than the EU19 average of 66%.

EXHIBIT 9

In Belgium, low employment rates of workers aged 55 and above are partly due to high implicit tax on aged employees

Employment and implicit taxation rates, percent



¹ Represents the opportunity cost of not taking retirement for older employees resulting from regular old-age pension scheme for 60-year-olds
² Includes all EU countries prior to the 2004 accession of 10 new members, plus the four eastern European member countries of the OECD

SOURCE: OECD 2009

Older workers are discouraged from sustained employment by the 'implicit taxation' on continued work embedded in the pension scheme. 'Implicit taxation' arises since the forgone pension in an extra year worked is not fully compensated by increased

²² OECD 2008.

pension benefits in the future.²³ As shown by Exhibit 9, such implicit taxation is 40% higher in Belgium than in the average of EU19.

IMPACT FOR BELGIUM

Retaining older workers in the active workforce strengthens the sustained viability of social benefit programs whilst contributing to overall economic growth. Decreased public expenditures on retirement benefits and increased employee tax contributions will make a material contribution to a stronger social system.

Given the older population's increasing share of the total workforce in Belgium, it is essential to increase their participation to benefit from their extensive work experience. Recognizing this valuable asset, Finland launched the "Experience is a national asset" campaign, which successfully encouraged employers to retain older workers. Similar efforts in Belgium would help ensure that a substantial part of the country's population makes a valuable contribution to Belgium's social and economic future.

SHORT TERM ACTIONS TO PURSUE

- **Increase early retirement age:** We propose a gradual increase in the minimum early retirement age from the current 60 by one year per year to reach 65.
- **Modify pre-pension scheme:** The pre-pension scheme should be modified so that incentives for continued employment at older ages are strengthened. For example, older employees could be allowed to receive partial retirement benefits while still working. In addition, retirement benefits for employable retirees younger than 65 could be lowered.
- **Encourage continued training:** To facilitate the employment of older workers, the government could offer incentives for continued on-the-job training with existing or new employers.

²³ Implicit taxation on continued work is the change in present value of a worker's lifetime stream of retirement benefits caused by working for another year (expressed as a fraction of the worker's income in that year).

6. Improve employment flexibility and reform wage indexation

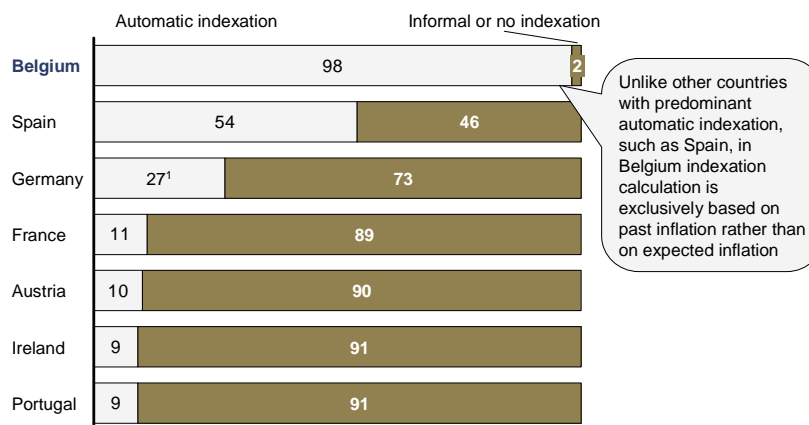
Belgium's labor force is generally inflexible, as illustrated by data from the WEF Global Competitiveness Report 2008-2009 (see Exhibit A12 in Appendix). Due to wage indexation and high costs of hiring and firing, companies have limited flexibility to react to economic shocks or to reward employee performance. Stringent rules on working hours and white-collar unemployment hamper flexible, part-time work for a diverse labor force.

Wage indexation, one of the chief rigidities and peculiarities in Belgium's labor market, is also a key driver of growth-hampering inflation (see Exhibit 10).

EXHIBIT 10

Compared to its peers, wage indexation in Belgium is pervasive and backward looking

Percentage of total employment with corresponding wage indexation process



¹ A total of 27% of employees are covered by wage indexation both automatic and informal in Germany. No information available on the coverage of automatic indexation specifically

SOURCE: European Central Bank Monthly Bulletin Feb 2009

In the current recessionary environment, it is particularly counter-productive for wage increases to be determined on the basis of historical inflation especially since the national health index (a key determinant of wage indexation) hit a 22-year record high in 2008.

Inflexibility in changing jobs also persists in Belgium. Despite the country's relatively small size, mobility across regions and industries is limited. Poor communication between regions prevents information exchange about employment needs and availability and individuals incur significant tax-related costs when they move housing (e.g., Belgium's average housing transaction costs²⁴ amount to 17.9% of a property's value, the highest in the EU, followed by Italy with 17% and France at 16.3%).²⁵

IMPACT FOR BELGIUM

Improving labor flexibility and eliminating the inflationary impact of wage indexation would provide a much-needed boost to employment and growth. The IMF has pointed out that curbing indexation-driven labor cost inflation in Belgium 'would start a virtuous circle of higher employment, a stronger fiscal position, a reduced burden of aging, and further room for growth-enhancing fiscal measures.'²⁶

SHORT-TERM ACTIONS TO PURSUE

- **Enhance temporary unemployment for white collar workers:** Allow temporary unemployment for white collar workers in order to alleviate stresses on businesses suffering from economic shocks (such as the current crisis) and secure long-term retention of qualified resources.
- **Reform wage indexation:** Significantly amend automatic wage indexation in order to curb inflation and allow more flexibility for employers, especially in times of crisis.
- **Alleviate the redundancy cost and process for white collar workers:** Necessary to rebuild the confidence level especially among foreign investors.
- **Decentralize wage negotiations:** Allow a larger percentage of companies to opt out of wage negotiation agreements. Currently, 96% of all employers are bound to negotiations with "social partners", whereas in the EU as a whole this applies to only 66% of companies.²⁷
- **Offer relocation incentives:** Offer tax credits to persons who move to a new job in a different region of the country.

²⁴ Housing transaction costs consist of: registration costs, sales & transfer taxes, legal fees, and agents' fees.

²⁵ Global Property Guide, 2008.

²⁶ International Monetary Fund, 2005.

²⁷ European Industrial Relations Observatory Online, 2009.

Recent progress

AmCham Belgium is confident that policy makers in Belgium can build on some encouraging changes in recent years to address the action points we have outlined.

AmCham Belgium's previous recommendations on taxation, administration efficiency and labor regulation have, to some extent, been integrated into policy changes through, for example, the NID and the Kafka Program as well as through improvements to Limosa and work permit regulations.

The implementation of the Notional Interest Deduction (NID) in 2006 is a particularly important achievement, and has significantly reduced the effective tax burden on companies, which has in turn encouraged ongoing private investment. Importantly, due to its indirect incentive for equity financing, the NID has also prepared Belgium well for today's tight debt markets.

The 'Kafka Program', started in 2003, is a successful example of an administrative structure that facilitates red tape reduction and improved transparency. Between 2003 and 2006, the Kafka Program supported the implementation of 100 specific projects such as increasing the flexibility of regulations on working from home. It facilitated the simplification of business start-up, foreign-workers visa issuing, bookkeeping, public procurement, and company information provision. AmCham Belgium congratulates the Government on these successful efforts to simplify regulation.

Tax incentives reducing withholding taxes on the wages of research employees and the taxation of royalty income in Belgium are two other important innovation-related successes that AmCham Belgium has also strongly supported.

The actions we propose in this document are intended to build on these successes and facilitate the continued growth of domestic business activity in a way that improves Belgium's prosperity for all stakeholders.

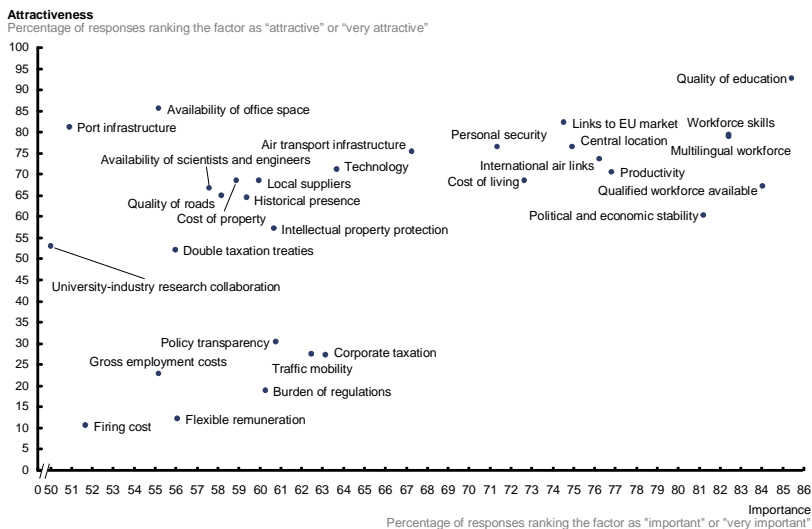
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Appendix

EXHIBIT A1: Belgium's competitive advantages for doing business

Central location, quality of education and skilled workforce are recognized strengths of Belgium

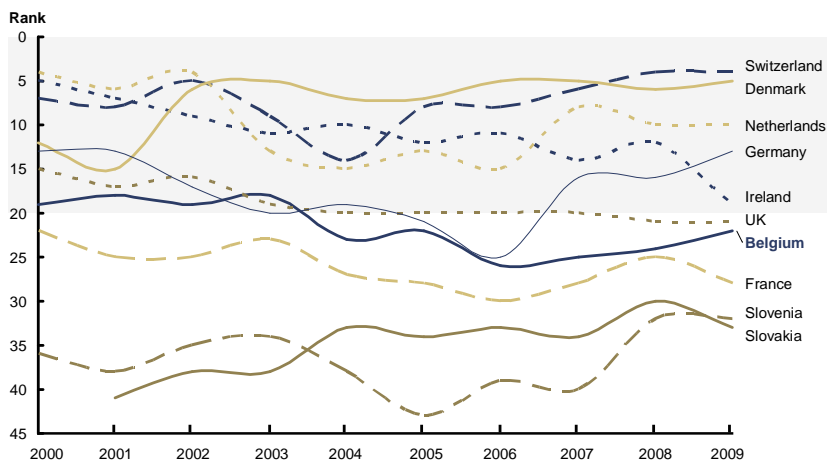


SOURCE: AmCham Belgium Business Confidence Survey 2008; only the factors rated as important by more than 50% of the respondents are shown above

EXHIBIT A2: A Business Friendly Belgium?

Belgium is consistently worse than traditional competitors for FDI with recent EU entrants closing the gap

IMD World Competitiveness Center's overall competitiveness ranks, 2000-2009

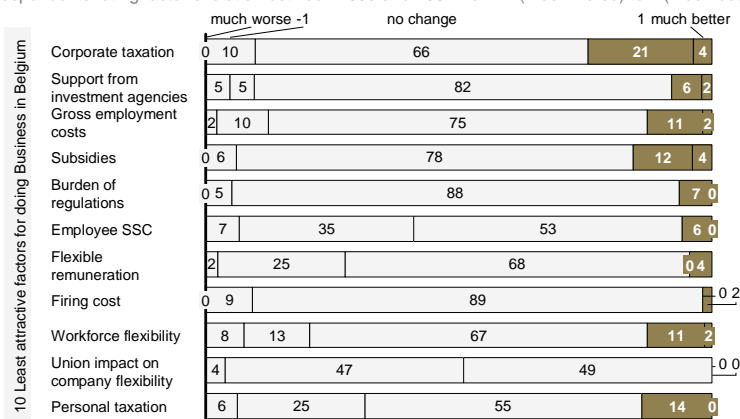


SOURCE: IMD World Competitiveness Yearbook 2008

EXHIBIT A3: A Business Friendly Belgium?

There has been little improvement on critical factors for attracting business to Belgium

% of respondents rating factor evolution between 2003 and 2007 from -2 (much worse) to 2 (much better)



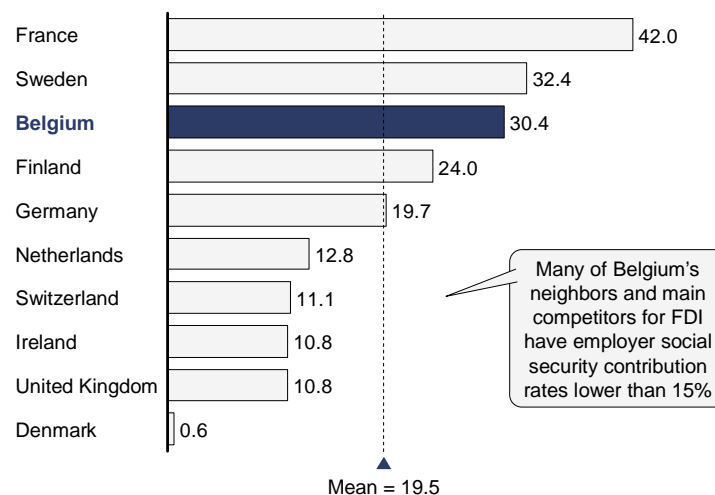
Fewer than 25% of respondents think the any of the 10 least attractive factors for doing business in Belgium have improved in the previous 4 years

SOURCE: AmCham Belgium's "Business Confidence Survey" 2008

EXHIBIT A4: Reduce employer social security costs to 20% of gross wages

Employer contributions to social security are high in Belgium

Employer SSC as percentage of gross average wage for one employee with no dependents, 2007



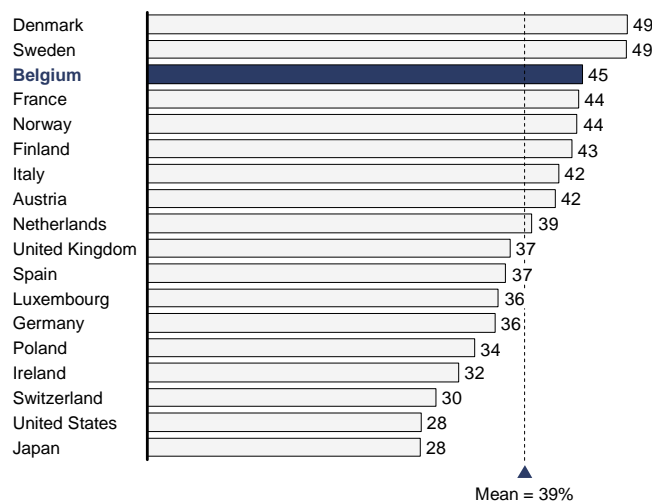
Many of Belgium's neighbors and main competitors for FDI have employer social security contribution rates lower than 15%

SOURCE: OECD 2008

EXHIBIT A5: Reduce corporate tax to 25%

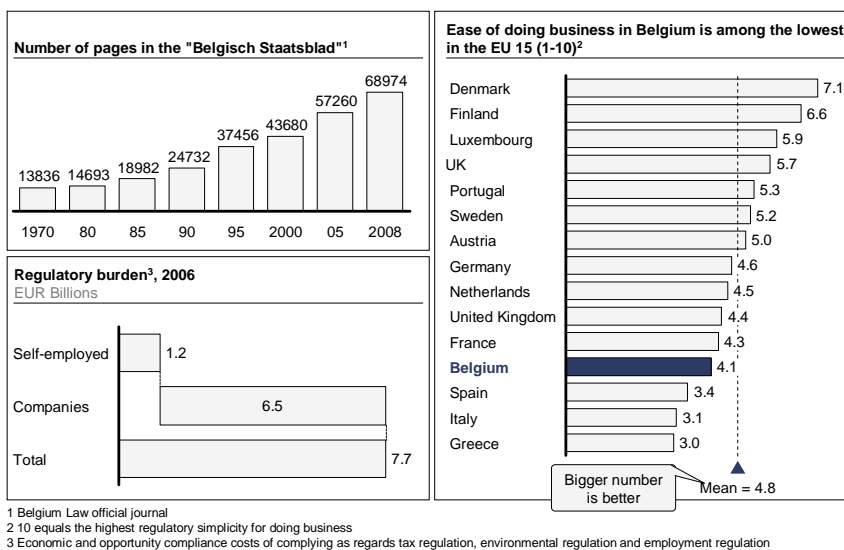
Total taxation in Belgium is high

Total tax revenue as a share of GDP, percent



SOURCE: OECD

EXHIBIT A6: Reduce administrative burdens

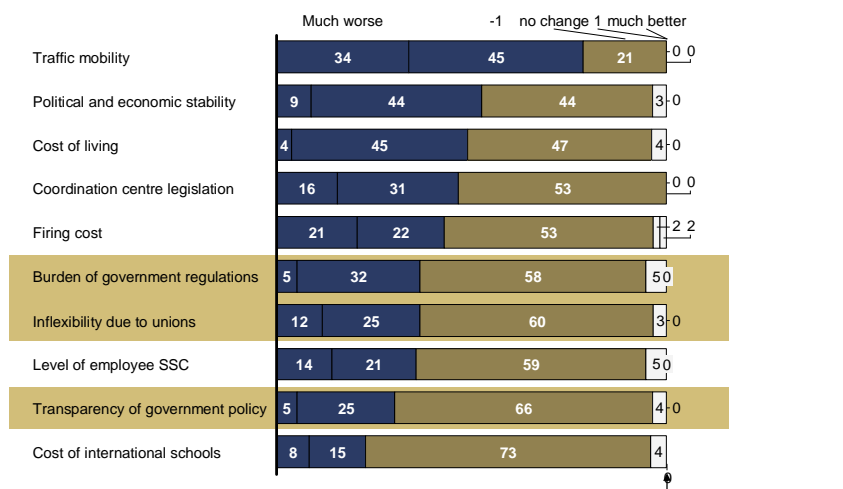
Regulatory and administrative burden in Belgium is significant

SOURCE: Belgisch Staatsblad; Federaal Planbureau; IMD World Competitiveness Online 2009

EXHIBIT A7 Reduce administrative burdens

Several factors ranked as most deteriorated or least changed between 2003 and 2007 are related to regulatory burden

Percentage of respondents rating factor improvement between 2003 and 2007 for factors with lowest improvement scores

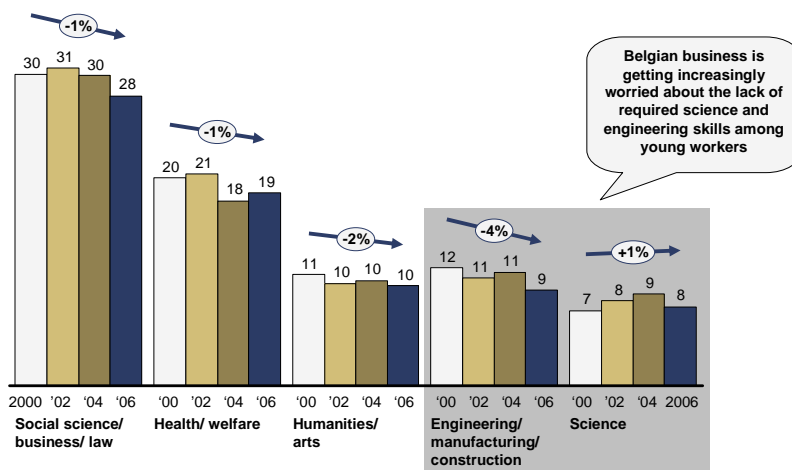


SOURCE: AmCham Belgium's "Business Confidence Survey" 2008 100% of respondents

EXHIBIT A8: Support R&D and encourage innovation-oriented education

Science and engineering graduates are relatively few in Belgium

Percentage of all university graduates in Belgium in given year

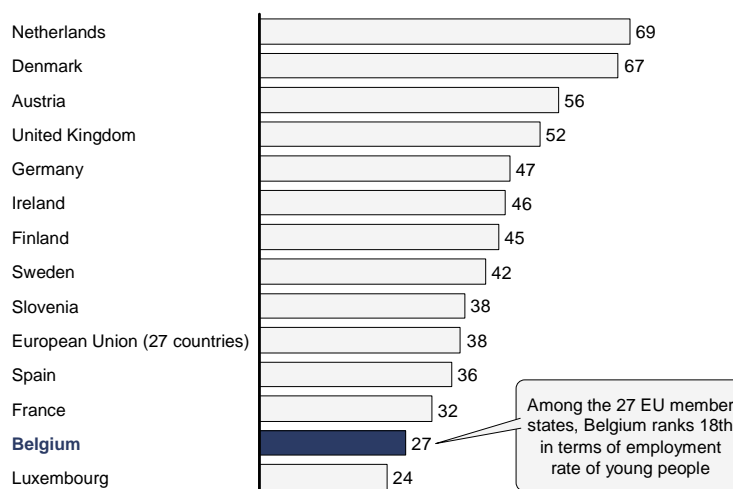


SOURCE: UNESCO Institute for Statistics 2009

EXHIBIT A9: Support R&D and encourage innovation-oriented education

Youth employment in Belgium is one of the lowest in Europe

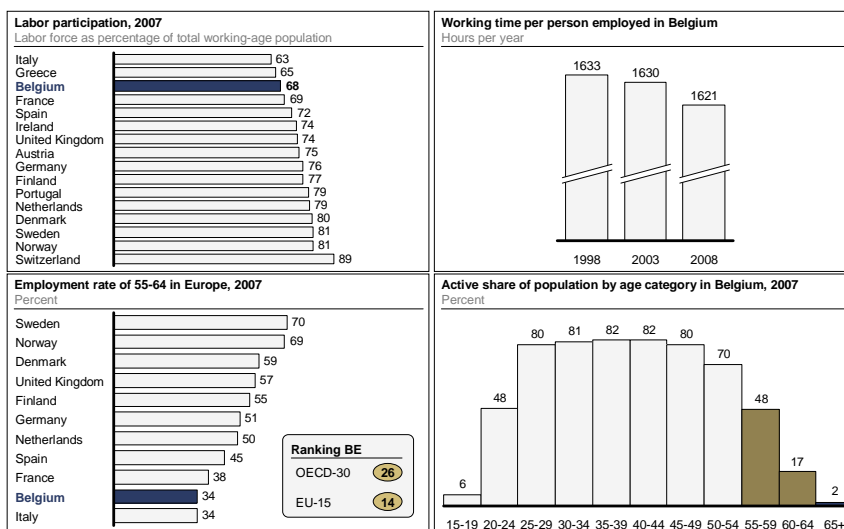
Percentage employed of total population aged 15-24



SOURCE: Eurostat 2008

EXHIBIT A10: Increase workforce participation, particularly amongst older workers

Belgium's labor supply is low, especially among older workers

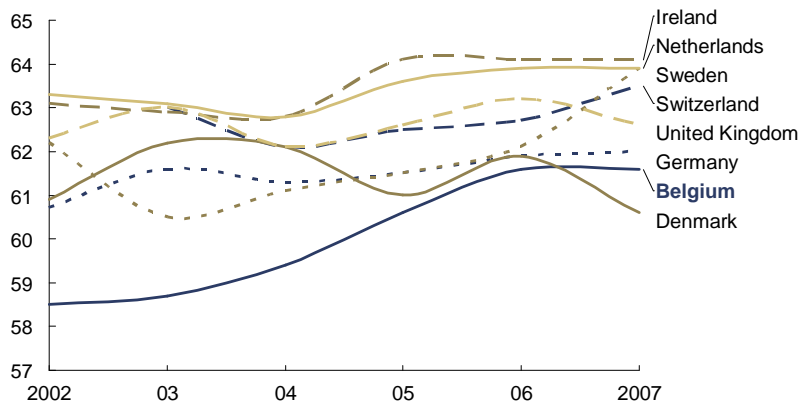


SOURCE: OECD; GGDC

EXHIBIT A11: Increase workforce participation, particularly amongst older workers

Despite a recent increase, Belgium's average workforce exit age has been consistently lower than that of other EU countries

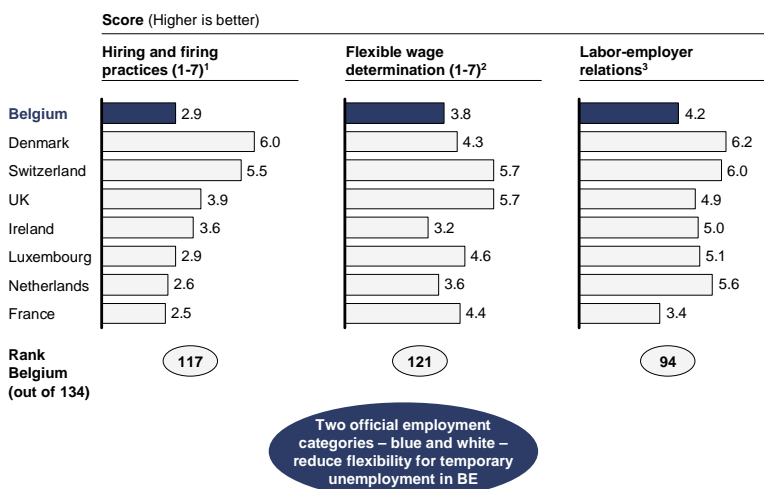
Average exit age, years



SOURCE: Eurostat 2008

EXHIBIT A12: Improve employment flexibility and eliminate wage indexation

Labor is relatively inflexible in Belgium



1 The hiring and firing of workers is (1= impeded by regulations, 7= flexibly determined by employers), from WEF Executive Opinion Survey
 2 In your country, wages are (1= set by a centralized bargaining process, 7= up to each individual company), from WEF Executive Opinion Survey
 3 Labor-employer relations in your country are (1= generally confrontational, 7= generally cooperative), from WEF Executive Opinion Survey

SOURCE: World Economic Forum The Global Competitiveness Report 2008-2009

About AmCham Belgium

AmCham Belgium is a dynamic non-profit organization with over 600 member organizations of diverse size and industry focus.

AmCham Belgium is part of the European Council of American Chambers of Commerce, which represents the interests of more than 17.000 American and European companies, based in 39 countries and employing more than 20 million people.

American Chamber of Commerce in Belgium ASBL/VZW

Rue du Commerce 41 Handelsstraat

1000 Brussels, Belgium

Tel. (32 2) 513 67 70 Fax. (32 2) 513 35 90

gchamber@amcham.be

www.amcham.be