

BELGIUM

Overview

Belgium, roughly the size of Maryland, has a population of ten million. As a developed country, Belgium has all the opportunities of any other industrialized society but on a smaller scale. The Belgian defense industry is fully privatized and is centered around the manufacturing of components, subassemblies, small arms, parts and munitions. Despite a defense budget freeze, opportunities are available in dual-use fields such as EUROCONTROL aviation systems, shipbuilding and repair, and various new systems.

Procurement methods and procedures followed by the Belgian Ministry of Defense (MOD) are similar to those used by the U.S. Defense Department. There is a central procurement office for high ticket items as well as separate offices for each branch of the Belgian Armed Forces. Belgium is also the site for NATO headquarters and the Supreme Headquarters Allied Powers Europe (SHAPE), both of which offer significant procurement opportunities for large and small U.S. companies.

Defense Industry Environment

All government ministries have had their budgets severely reduced, and the Ministry of Defense is no exception. The defense budget as of January 1, 1997 was \$3.07 billion. This budget has been frozen (and will not change even to account for inflation) through 1997. Accordingly, there will be no increase in current or projected spending. Indeed, the budget will decrease in real terms. Despite budget restrictions, the Belgian military is trying to modernize as it simultaneously reduces the total size of its military forces.

The Belgian government allocates 6.1% of its total budget for defense spending. The defense budget is 1.32% of GDP. Approximately 25% of the 1997 MOD budget, or \$750 million, has been allocated to procurement.

Belgium's defense production is concentrated in subassemblies, small arms and components rather than weapon systems or platforms. Employment and output in the arms industry have already declined sharply, due in part to competition from lower cost third world producers. Given severe budget constraints, the changing strategy of NATO, and the requirement to withdraw the First Belgian Corps from Germany within the next four years, new procurement has been drastically curtailed, drawn out, and in some cases canceled.

Belgian business is largely grouped into federations. With 1,200 member companies employing 250,000 workers, Fabrimetal is the country's largest and most important manufacturing federation. Fabrimetal's 25 trade groups fall into four main areas: primary processing of metal and plastic products, transport, mechanical engineering, and electrical and electronic equipment software. Fabrimetal is working to support subcontractor activities, putting primary contractors in touch with subcontractors and helping subcontractors conform to the new requirements of the

market. For general information, contact:

Fabrimetal
Rue des Drapiers, 21
1050 Brussels, Belgium
Contact: Jules Crochon
Director of External Relations
Tel. 32/2/510.24.23
Fax. 32/2/510.23.01

For information on the Belgian defense industry, contact:

Belgian Defense Industry Group
Fabrimetal
Rue des Drapiers 21
B-1050 Brussels, Belgium
Contact: Roger Godechoul, Director
Tel. 32/2/510.25.20
Fax. 32/2/510.23.01

As a small European country, Belgium cannot maintain a large defense industry based on internal requirements. Instead, the Belgian defense industry relies on export of components or participation in programs as a subcontractor. Major areas of Belgian defense industry capabilities include:

- Aircraft structures and engines;
- Defense electronics;
- Small arms and ammunition; and,
- Shipbuilding.

Non U.S. foreign suppliers of equipment to the Belgian military are very active and often very successful. They have the advantage of being located close to their customers and understanding of local business practices. In short, foreign competition in Belgium is fierce and U.S. firms need to undertake extensive marketing efforts if they are to be successful against these competitors.

Many third country companies with Belgian subsidiaries also sell products made in their home countries. These include: GIAT, France; the Alcatel Group of companies, France; Siemens AG, Germany; Sait-Radio Holland Group, the Netherlands; and Delft Instruments Group, the Netherlands.

Defense Opportunities

Despite its small size, Belgium offers a variety of defense trade opportunities for U.S. firms. These opportunities can be extracted from the Belgian military's investment plan and are listed in chart below. The following is the seven-year military investment plan for the years 1993-2000 and includes system requirements. All figures are in U.S. Dollars using 32BF/dollar for conversion.

Program	Cost	Timeframe
Air Force		
F-16 Modernization	\$333.5M	1993-2000
VHF Radios	\$9.8M	1993-1997
Seros Radars	\$25M	1993-1997
Seeking Radars	\$7.82M	1993-1995
Army		
RITA	\$140.63M	1993-2000
1.9 Ton Trucks	\$156.25M	1995-2000
105mm Ammunition	\$12.51M	1996-1997
Navy		
Frigate Modernization	\$31.25M	1994-1998
Minesweepers	\$393.75M	1993-2000
Other		
Information Technology	\$18.75M	1994-1998
Military message handling system	\$40.63M	1994-1999
Medical Service Equipment	\$18.75M	1994-1998

In addition to the list above, electronic warfare systems and missile systems are under consideration by the Belgian MOD. The Navy is also evaluating the purchase of four mine-sweepers.

Defense Procurement Process

The Service General des Achats (SGA) is the procurement office of the Belgian military

and publishes the pamphlet, "The Joint Procurement Service", describing its mission, organization, and general acquisition process. The SGA serves all the functions and holds the mandate to issue Requests for Proposals (RFPs) and sign contracts, just as the PCO (Procurement Contracting Officer) does in the U.S. military. They are the focal point for proposal evaluations as far as the "boiler plate," terms and conditions, and pricing are concerned.

Procurement of items by the government of Belgium, which exceeds 1.25 million Belgian francs (approximately \$40,000), must be announced in the "Bulletin des Adjudications." This is a weekly supplement to the "Moniteur Belge" (available in Dutch and French) published by the Ministry of Justice. Annual subscriptions cost 3,000 Belgian francs (approximately \$95.00) and may be ordered by writing to:

Moniteur Belge
Rue de Louvain 42
1000 Brussels, Belgium

The government of Belgium uses procurement procedures similar to the sealed bid procurement system in the United States. Telegraphic offers are not acceptable for initial bids but are acceptable for changes to offers before opening of bids, provided they are confirmed by letter.

When purchasing military equipment, the Ministry of Defense solicits bids by advertising to the public. Procurement of new major defense equipment is normally accomplished through direct solicitation from national and foreign firms.

There are no U.S. commercial services that publish information on Belgian contracting opportunities. However, the U.S. Embassy regularly reports such opportunities for publication in the Commerce Business Daily (CBD). In addition, there are two conferences held annually by the Belgian National Armaments Director to announce upcoming procurements to industry. The first conference took place in November 1994. The second conference will be held in April 1995. For additional information regarding the conference, contact:

Major General Brunin
National Armaments Director
Quartier Reine Elisabeth
1 Rue d' Evere
1140 Brussels, Belgium
Tel. 32/2/701.40.23
Fax. 32/2/701.66.20

The Belgian Joint Chiefs of Staff handle all procurement for the Ministry of Defense. Items purchased through this office are typically large, expensive equipment (ships, aircraft, high-tech weapon systems). The Belgian Armed Forces also has procurement offices for each of its branches as listed below.

Army

Col. I. Pattijn
Chef de Section
Forces Armees
Service de l'Etat-Major General
Service General des Achats
Section des Achats des Materiels Terrestres
Quartier Reine Elisabeth
Block 4-B-46
Rue d'Evere 1
B-1140 Brussels, Belgium
Tel. 32/2/701.31.04
Fax. 32/2/701.32.30

Navy

Commander Ravet
Chef de Section
Service General des Achats
Service des Achats des Materiels
Force Navale (SDAZ)
Quartier Reine Elisabeth
Rue d'Evere 1-B
1140 Brussels, Belgium
Tel. 32/2/701.31.03
Fax. 32/2/701.66.82

Air Force

Col. Robert Dewitte
Chef de Section
Forces Armees
Service de l'Etat-Major General
Service General des Achats
Sous-Section des Achats des Materiels
Force Aerienne
Quartier Rein Elisabeth
Block 4-B- 1er etage
Rue d'Evere 1
B-1140 Brussels, Belgium
Tel. 32/2/701.32.40
Fax. 32/2/701.49.14

Joint Chief of Staff

General Major Fournier
Chef du Service General des Achats
Service General des Achats (JS/SGA)
Quartier Reine Elisabeth
Rue d'Evere 1
B-1140 Brussels, Belgium
Tel. 32/2/243.32.83
Fax. 32/2/243.35.47

All Belgian manufacturers of defense equipment are already privately controlled, though several still have some regional government support that takes the form of minority share ownership. In addition, several of Belgium's defense companies have foreign involvement, primarily French, although U.S. firms also hold some interests in various entities.

While the industry remains relatively free of government control, influence by the two Belgian regions of Flanders and Wallonia is present. The Belgian Parliament has been known to put pressure on the Ministry of Defense for contracts, while the two regions, Wallonia and Flanders, also compete heavily for bids. A recent case where all three government bodies were involved was the midlife update of the F-16 aircraft. Because of competition among the regions and the bureaucratic problems that ensued, the project was nearly taken away from Belgium and awarded to The Netherlands. The bulk of Belgium's defense industry is located in Wallonia, which takes a strong interest in it, including direct financial aid and involvement. Because of the heavy Wallonian involvement in Belgium's defense industry, the Flemish region and parties based in the region have occasionally not been very supportive of legislation or aid to the Belgian defense industry. Once, this caused the fall of the coalition national government.

Although selling equipment to the Belgian military may appear complicated, in practice the procedure works efficiently. A primary step is to contact the Belgian Embassy Military Supply Office (address listed below) that is both an information providing office and purchasing office.

For more direct involvement, U.S. companies should appoint a Belgian agent familiar with the market for military equipment. Belgian companies providing such services include:

Aero Systems S.A.
Chemin des Chasseurs, 10
B 1328 Ohain, Belgium
Tel. 32/2/653.00.33
Fax. 32/2/653.15.17

Contact: Mr. Michael Mitchell

Fisette S.P.R.L.
Rue de Vise, 155-157
B 4602 Cheratte, Belgium

Tel. 32/41/62-11-16
Fax: 32/41/62-11-16
Contact: Mr. Michel Fisette

Bostyn, Wapenkantoor
Recolettenstraat, 19
B 8500 Kortrijk, Belgium
Tel: 32/2/56/35-55-55
Fax: 32/2/56/67-04-03
Contact: Mr. Willem Bostyn

For the names of other Belgian agents and distributors specializing in military sales, as well as advice on selling to the Belgian military, please contact the Office of Defense Cooperation at the American Embassy in Brussels (address listed below).

Specific questions on Belgian military procurement regulations may be forwarded to the following agencies.

Belgian Embassy Military Supply Office
8810 Spectrum Drive
Landover, MD 20785-4762
Tel. (301) 350-3901 or 3902
Fax. (301) 350-5892

Tel. 32/2/243.32.83
Fax. 32/2/243.35.47

Service General des Achats (JS/SGA)
Quartier Reine Elisabeth
Rue d'Evere
1140 Brussels, Belgium

Office of Defense Cooperation
United States Embassy
Blvd du Regent 27
1000 Brussels, Belgium
Tel. 32/2/513.38.30 Ext 2650
Fax. 32/2/514.56.66

The military procurement process should be approached through the Office of Defense Cooperation located at the Embassy. This office is well equipped to utilize its numerous contacts in the Belgian military service staffs, joint staff, and Ministry of Defense to help American business. To assist in procurement efforts, ODC Belgium has prepared a manual entitled, "Survey of Belgium Defense Procurement Environment." This manual describes the necessary steps needed to solicit the Belgian military with procurement proposals. Please contact ODC Brussels, at the address listed above.

Diversification/Commercial Opportunities

There are many products that are sold to the military that also have dual-use, civil, land, marine and aeronautic applications. Electro-optical products for defense can be used for civil surveillance projects. Also, police equipment, fire resistant clothing, and protective clothing for the civil sector are in demand.

Products involved in maritime radio communication and navigation aids support international shipping companies and shipyards. There is also a market for electronic systems in civilian and military communications and real time information process management.

Activities relating to the construction, repair, maintenance and modification of various civil and military aircraft or helicopters should be considered. European space programs such as EUROPE III, ARIANE, COLUMBUS, HERMES, and EUREKA are also viable market opportunities.

Exporters should not ignore the Ministry of Defense as a customer for non-lethal goods and services. The Ministry of Defense and the units it controls purchase a wide variety of

ordinary goods and services.

Telecommunication Services

The total telecommunications market in Belgium grew by 12.2 percent in 1995. This growth was largely attributed to the telecommunications services market which grew by 14 percent. As expected, the liberalization and deregulation of the telecommunications market will continue to have a very favorable effect on the telecommunications services market. Due to growing competition, the Belgian telecom operator, BELGACOM, is under great pressure to broaden and modernize its telecom services. Furthermore, the partial privatization of BELGACOM and Ameritech's involvement in the company have increased this pressure. As in the rest of Europe, value-added network services are subject to free market competition in Belgium. Several foreign and U.S. companies are already active in the value-added network services market in Belgium. In 1998, voice services will also be liberalized in Belgium. This is important, since traditional telephone services still represent the largest share of the telecommunications services market. Currently, only voice services for closed-user groups are offered in competition.

The subsector with the greatest growth potential is mobile telephone services, which grew by 66.1 percent in 1995. Anticipated growth rates for mobile telephone services market are 56.1 percent and 49.5 percent respectively. Switched data services are the next largest growth area with a 57.2 percent growth rate in 1995, 83.1 percent in 1996, and 39.3 percent in 1997. CATV services are expected to grow by 50 percent in 1997. By 1997, the larger part of the dense Belgian cable network will be turned into a broadband network. Best sales prospects are mobile voice and data communications services, packet switched network services, frame relay services, ISDN network services, and value-added network services.

Computer Software

Software sales in Belgium were considered slow during 1995, particularly for standard applications. However, a sharp sales increase of at least 13 percent is anticipated in 1996 and 1997. This is due to rising demand for software with productivity, networking, database and utility applications. Most of the new IT applications will be based on a client/server architecture which will lead to a growth of this market segment in all industry sectors of the Belgian economy. Belgian IT managers are expected to re-engineer or replace almost 50 percent of their current applications in 1996 and 1997. Half of the outdated applications will be internally rewritten or re-engineered; the other half will be replaced by externally bought software.

The Belgian software market follows the U.S. market very closely. New product announcements by leading suppliers in the U.S. are introduced in Belgium with only a few months delay. Best prospects in Belgium are applications software for businesses and home users. However, the market for development tools is also growing rapidly. This market is expected to continue to grow about 14 percent in the next couple of years. Windows-based programs and applications are expected to continue to sell very well. Macintosh-based applications also continue to sell well, but DOS-based applications are no longer in demand.

The Belgian market has also entered into the age of the Internet. Spectacular growth of Internet, WWW, groupware, and EDI software products is anticipated in the coming years.

Computers and Peripherals

The outlook for the Belgian computer hardware market continues to be one of vigorous growth. Belgian companies and government institutions are increasing investments to further automate their office and workshop environments. Businesses continue to adopt client/server architectures. This, in turn, contributes to the uninterrupted decline in proprietary systems for this market. Computer hardware sales in Belgium are expected to grow by 9 percent in 1996 and 1997, mainly as a result of increasing use by smaller companies (100-200 employees). Growth projections for 1996 and 1997 for the Belgian PC market are as high as 25 percent, while a six percent increase is anticipated for the mainframe sector. Some 300,000 PCS were sold during 1995 in Belgium. The estimated installed PC base in Belgium is 19 PCS per 100 inhabitants, or 1.9 million units. Market leaders are Compaq with 12,7 percent market share, followed by IBM (8.5 percent), Apple (6.5 percent), Vobis (4.7 percent), and HP (4.6 percent). Personal computer expenditures by Belgian companies in 1995 amounted to \$852 million and are expected to total \$1.06 billion in 1996. The growth in the PC market is primarily due to the flourishing home and small business markets. An additional factor is the increasing popularity of the Internet and the WWW. A large majority of Belgian businesses (some 70 percent) already use the Internet and the WWW. Many of these companies anticipate purchasing equipment in the next 12-16 months which will permit them to maintain their own web sites. The best prospect niches in the hardware sector are client/server equipment, network hardware, work stations, datacom equipment, PC's and portables, and optical media.

Aircraft and Parts

The two major carriers in Belgium are SABENA, with its subsidiaries DAT and SOBELAIR, and EUROBELGIAN AIRLINES (EBA), which was taken over by the UK carrier VIRGIN. By the year 2000, SABENA will have to replace eleven 737's. SWISSAIR has replaced AIR FRANCE as SABENA's partner, with 49% of its capital. It is, therefore, expected that SABENA's fleet will be renewed in a manner consistent with SWISSAIR's fleet. EBA is a fast-growing charter company that currently operates eleven 737's. SABENA TECHNICS plays an important role as a third party repair and maintenance station. The only significant general aviation company is ABELAG. It imports, maintains and operates several brands of general aviation planes, and also provides ground handling for heads of state planes. The number of Belgian companies involved in manufacturing and supplying aircraft parts is approximately 120. The best way to contact them is via their trade associations FLAG and GEBECOMA. To enter the military market, U.S. suppliers should contact the Office of Defense Cooperation (ODC) via the U.S. Embassy.

Telecommunications Equipment

The telecommunications equipment market in Belgium grew by 6.5 percent in 1995, but is forecast to increase by only 5.6 percent in 1996 and 1997. As a consequence of growing

competition in the telecommunications equipment market, prices are declining and margins are shrinking. Market growth comes from the private networks sector which increased 12.1 percent in 1995, is expected to grow 14.5 percent in 1996, and is forecast to increase 16.9 percent in 1997. Revenues from supplies, installation, and maintenance of customer premises equipment, including PABXs, faxes, and modems, are also increasing. The equipment supplied BELGACOM registered a growth figure of 3.2 percent in 1995, but is expected to stagnate in value terms for 1996 and 1997. However, it is anticipated that network infrastructure investments by the second GSM-network operator and by the cable operators for the second voice and multimedia network will compensate for this loss. The most promising subsectors are: ISDN terminal equipment, MAN and WAN network equipment, mobile radio equipment including GSM and DECT, telecommunications transmission network equipment(SDH and ATM), broadcasting equipment, and voice-processing systems.

Automotive Parts and Service Equipment

There are 4 million cars registered in Belgium and 13,000 maintenance and repair outlets. In addition, Belgium has a very strong assembly industry (GM, Ford, VW, Volvo, and Renault) that assembles 1.2 million vehicles annually. Europeans in general, and Belgians in particular, tend to keep their cars longer than Americans. In Belgium, 54% of the cars are over five years old. While American garage and test equipment have always been highly respected, U.S.-made automobiles are now also experiencing an important resurgence in popularity. Best subsectors include anti-theft devices, fast-rotating replacement parts, gadgets for in-car entertainment, and car-maintenance products.

Pollution Control Equipment

Belgium is one of the most densely industrialized and populated areas in the world. As a consequence, it faces numerous pollution problems. The chemical industry, with annual sales of \$27 billion, is one the country's economic mainstays. The Antwerp area has the world's second largest complex of chemical industries, after Houston. Belgium is now actively implementing EU directives into Belgium regulations. More importantly, these new regulations are being enforced with expensive penalties. Therefore, companies are making sizeable investments to come into compliance. Sixty percent of Belgian companies are planning environmental equipment investments of at least \$32,000 per company, over the next two years. Best subsectors include: equipment for filtering and processing effluents, scrubbers for waste incinerators, water and gas analysis instruments, programmable process controls, sludge treatment technologies, soil-remediation technologies, and recycling equipment, especially for used packaging.

Medical Equipment

Overall, the sophistication and quality of medical services in Belgium match that of any other country in northern Europe. In addition, Belgium has a well developed national medical insurance system covering almost the entire population. Annual payments to providers total nearly \$19 billion. In 1991, Belgium ranked 13th among the 24 OECD nations in terms of health care spending as percentage of GDP, and fifth out-of the then twelve EU member states.

There is ready acceptance in Belgium of U.S.-sourced equipment, especially that with FDA approval. Only 15% of local medical equipment requirements are manufactured locally. Most promising subsectors include: electro-diagnostic apparatus, infant care equipment, intensive care equipment, all medical systems and equipment facilitating shorter stays in the hospital, non-invasive techniques reducing the need for surgery, advanced medical imagery, and electro-diagnostic systems. In the field of medical electrical equipment, the United States is Belgium's top supplier.

Electric Power Systems

Sixty percent of Belgium's electric power output is from nuclear generators. Coal generating plants produce twenty-five percent, and natural gas from Algeria, the Netherlands and the North Sea, mainly Norway, accounts for twelve percent. Production increased 2.2% in 1995, in line with the general improvement in industrial output in Belgium. Continued steady growth is expected in 1996 and 1997. A program of investment, well coordinated between the production and distribution companies, provides for steady modernization and maintenance of the system. The Belgium National Equipment Program for Electricity Generating and Transmission Facilities (1995-2005) calls for a \$9 billion investment in new plant and equipment for new and refurbished facilities, over a ten-year period. With the low dollar exchange rate, U.S. manufacturers are well placed to share in this business. However, there is strong competition from manufacturers in the EU.

The following is a list of contacts for Non-Defense Ministries that procure dual use products.

Ministry of Foreign Affairs Rue des Quatre-Bras 2 1000 Brussels, Belgium	Sterrenkundelaan 14 Bus 23-26 1030 Brussels, Belgium
Office of the Minister	Office of the Directeur General Tel. 32/2/219.03.80 Fax. 32/2/218.81.86
Tel. 32/2/516.82.11 Fax. 32/2/511.63.85	Ministry of Agriculture Rue Marie-Therese 1 1040 Brussels, Belgium Office of the Minister Tel. 32/2/211.06.11 Fax. 32/2/219.61.30
Ministry of Economic Affairs Square de Meeus 23 1040 Brussels, Belgium Office of the Minister Tel. 32/2/506.51.11 Fax. 32/2/514.24.72	Ministry of Health Rue de Belliard 51 1040 Brussels, Belgium Office of the Directeur General Tel. 32/2/233.41.11 Fax. 32/2/230.10.67
Ministry of the Budget Astro - Toren	

Ministry of Transportation
and Communications
Rue de la Loi 65
1040 Brussels, Belgium
Office of the Minister
Tel. 32/2/237.67.11
Fax. 32/2/230.18.24

Ministry of the Environment
Rue de Belliard 51
1040 Brussels, Belgium
Office of the Minister
Tel. 32/2/233.51.11
Fax. 32/2/230.10.67

In addition, there are two regional associations for manufacturers of airplane parts and equipment. They can assist U.S. companies in locating Belgian joint-venture and licensing partners.

Wallonia Contact:
Mr. Terrasson, Director
Gebecoma
Rue de Strasbourg 3
B1130 Brussels
Tel; 32/2/729.56.13
Fax: 32/2/729.55.92

Flanders Contact:
Alex Van Hove, Managing Director
Flemish Aerospace Group (FLAG)
Brouwersuliet 15, Box 7
B - 2000, Antwerp, Belgium
Tel. 32/3/231.16.60
Fax. 32/3/233.76.60

The Belgian counterpart to the U.S. Federal Aviation Administration is the Regie Des Voies Aeriennes/Regie der Luchtwegen (R.V.A./R.L.W.). For information, contact the Division of Air Traffic Control and Airplane Systems at:

Arnold Vandenbroucke, Director
R.V.A./R.L.W.
CCN Rue du Progres 80
1210 Brussels, Belgium
Tel. 32/2/212.22.02
Fax. 32/2/212.22.00

The Belgian Airport Authority works out of the R.V.A./R.L.W. office. For further information, contact the following organization:

Eric Kirsch, Administrative Director
R.V.A./R.L.W.

CCN Rue du Progres 80
1210 Brussels, Belgium
Tel. 32/2/212.20.00
Fax. 32/2/212.20.35

Doing Business in Belgium

Although Belgium is a small country with its population of ten million, it is fortunate to be located in the heart of one of the most densely populated regions of Europe, and in the largest concentration of industry anywhere on the continent. With a market of 320 million affluent customers, Belgium is an ideal location for commercial, distribution and administrative operations for the European market.

Belgium offers a remarkable diversity in language, culture, labor market profiles, skills, and attitudes, as well as current economic and political forces. Business is conducted similar to that in the United States. However, since the AGUSTA helicopter scandal, military procurement is very sensitive and proceeds strictly according to law. Therefore, it is mandatory that bidders comply with every requirement in an RFP as well as adhering to the actual contract.

Belgium is a faithful adherent to EU laws and directives, and Belgian business stands to benefit significantly from a single European market in the 1990s. The openness of the Belgian market should not, however, make American companies think that doing business in Belgium is like doing business next door in the United States. U.S. companies need to be aware of cultural and linguistic differences. There are also regional economic differences, with some parts of the country wealthier than other parts.

In addition, Belgian distributors tend to be small and specialized. They also do not have ready access to inexpensive capital, and they are somewhat conservative when it comes to risk taking. Distributors are also protected against sudden or unjustifiable termination of distribution agreements. This protection includes measures assuring the right to receive reasonable notice of termination and compensation for loss of income. In addition, the EU has passed similar legislation protecting agents. U.S. firms should have adequate legal advice in drawing up a representation agreement in Belgium and throughout the EU. Lastly, the Belgian importer is looking for the best quality at the best price. American products and technology are highly regarded, but Belgium is a highly competitive market. There are many competitors in the marketplace, and U.S. suppliers must be aggressive to compete successfully.

Export Controls

Belgian export controls apply to the export and reexport of military (conventional weapons) and dual-use items, as well as materials for weapons of mass destruction. Belgian companies send all applications for export and reexport to the Office of Quotas and Licenses in the Ministry of Economic Affairs. At that point, the process varies depending on whether the export is a conventional weapon/dual use item or a nuclear-related item.

If the item is a conventional weapon or dual use item, the Office of Quotas and Licenses will first determine whether, based on law and its experience, it will approve the item for export. If the Office makes a positive determination, it then sends the request for further approval to one of two federal ministers depending on the location of the Belgian company involved in the export. Export licenses for Flemish companies are sent for approval to Foreign Minister, Willy Claes, while Walloon company export licenses are sent for approval to Minister of Foreign Trade, Robert Urbain. Once approved or disapproved by the respective ministry, the applications are returned to the Office for final disposition.

If the item is nuclear or nuclear-related, the application must be approved (or disapproved) by the Minister of Economic Affairs, after consultation with and advice from the National Non-Proliferation Board. The Board consists of representatives of five federal ministries, including Trade, Foreign Affairs, Health, Energy, and Economic Affairs.

Technology transfer is handled effectively by using end user certificates. An example was the recent sale of Mirage aircraft by the Belgian government to Chile. Before the transfer of goods was allowed to take place, the U.S. removed originally installed sophisticated software.

For additional information on export control issues, please contact for the Office of Quotas and Licenses:

Mr. Michel Moreels
Office of Quotas and Licenses
Ministry of Economic Affairs
Rue de Mot 24-26
1040 Brussels
Tel: 322/233-6193
Fax: 322/233-6194

As a member of the European Union, Belgium follows the common regime and applies the proscribed lists. Upcoming changes are likely to include new EU customs regulations and policies which will come into effect as a result of the Maastricht Treaty, implementation of a common EU export control regime, changes in the Wassenaar regime, and implementation of the so-called ECOTAXES. American exporters should always consult their agent and a reputable freight forwarder who should be knowledgeable of recent changes in documentation requirements.

Offsets

The Belgian government has established a policy that requires all foreign contractors to provide offset/economic compensation for defense procurement exceeding fifty million Belgian francs (approximately \$1.5 million). The amount of offset varies with each contract, but the target of the government is to receive a 100% offset. Additionally, offsets for major defense systems must be distributed among the three regions of Belgium. These divisions are based on population, size of each area, and financial considerations. These percentages may vary with each contract, but are expected to average, as follows:

Flanders	55%
Wallonia	35%
Brussels	10%.

Firms bidding for contracts requiring an offset must present their economic compensation proposal, along with their financial and technical proposals, to JS/SGA. Additional information on offsets may be obtained from the Ministry of Economic Affairs (MEA) as follows:

Ministere des Affaires Economiques
Service Industrie et Defense
Square de Meeus 23
1040 Brussels, Belgium
Tel. 32/2/506.51.11
Fax. 32/2/514.03.89

The Belgian military is accustomed to dealing with the United States' standard operating procedures for import licenses, end user certificates, and offsets. However, the strict regulations and liability that are involved could be detrimental when competing with countries that have less rigorous policies.

Intellectual Property Rights

The rights granted under U.S. patent, trademark or copyright law can be enforced in the United States, its territories, and possessions only. The EU, for its part, has taken a number of initiatives to provide intellectual property protection, but not all measures have been implemented. In cases of non-implementation, national laws still prevail.

Belgium is also a member of the World Intellectual Property Organization (WIPO) and the European Patent Convention (EPC). A single European patent, valid throughout the EU, does not yet exist, since the community patent convention has only been ratified by Germany and Greece. In the meantime, the patent applicant can choose between a national and a multiple-country patent. In the latter case, a single application to the European Patent Office in Munich is required for obtaining patents valid in a number of countries within the EU, and in Austria, Liechtenstein, Sweden, Monaco, and Switzerland. For additional information contact the following agency:

European Patent Office
Erhardstrasse 27, D-80331
Munich, Germany
Tel: 49-89-23990
Fax: 49-89-23992850

Trademarks/Intellectual Property Rights

Pending the establishment of the EU Trademark Office, trademark registration continues

to be is handled on a national basis. Trademarks in Belgium are regulated by the Uniform Benelux Law of 1962, which offers protection in Belgium, the Netherlands and Luxembourg. An application for trademark can be filed either with the Belgian National Office in the Ministry of Economic Affairs or with the Benelux Trade Mark Bureau located in The Netherlands (Bankastraet 51, The Hague). A search is required to ascertain the existence of a similar or identical trademark for the same category of product. If granted, protection lasts for ten years from the date of application and can be renewed for further periods of ten years each. Trademarks must be used within three years of registration or within any uninterrupted period of five years.

Belgium is a member of the Bern Convention and the Universal Copyright Convention (UCC) of Geneva. As a member of the UCC, to which the U.S. and 50 other countries belong, Belgium accords authors automatic copyright protection throughout all UCC countries when registered with this organization. Protection exists for the life of the author, plus 50 years after death. In addition, Belgium has passed a revised copyright law which brings Belgian practice into conformity with existing EU directives. However, EU directives permit some variation in each member state and U.S. firms wishing to protect their copyrights in Belgium should consult local legal counsel. This is particularly true regarding reciprocity provisions in the new law.

Priority areas for harmonization of national law throughout the European Union have been identified in the European Commission's green paper and follow-up paper. As in the case of copyrights, U.S. firms need to consult local legal counsel applies concerning patents and trademarks.

U.S. Government Points of Contact

Listed below are helpful points of contact for U.S. firms interested in the Belgian or NATO markets.

U.S. Embassy:

Mr. Terence Flannery
Commercial Counselor
U.S. & Foreign Commercial Service
U.S. Embassy Belgium
PCS 82 Box 002
APO AE 09724-1015
Tel. 32/2/513.38.30
Fax. 32/2/512.66.53

Since 1950, the Office of Defense Cooperation (ODC) at the U.S. Embassy has played a vital role in meeting Belgium's defense needs. The Belgian Armed Forces maintain U.S. defense equipment purchased either through the Foreign Military Sales program or commercially. Situated in Brussels, Belgium, the unofficial capital of Europe, ODC is a neighbor to the three key European decision centers: NATO Headquarters, SHAPE Command, and the Commission of the

European Union. Brussels also hosts European headquarters for many American defense firms.

COL Richard I. Kearsley, Chief
Office of Defense Cooperation
Belgium-Luxembourg
U.S. Embassy Brussels
PSC 82, Box 002
APO AE 09724-1012
Tel. 32/2/513/38/30 ext. 2652
Fax. 32/2/514/56/66

U.S. Industry Associations in Belgium

American Chamber of Commerce
Jo Ann Broger
General Manager
Ave des Arts 50
Box 5 1040 Brussels, Belgium
Tel. 32/2/513.67.70
Fax. 32/2/513.79.28

American Electronics Association
Kevin Prager
Managing Director
Rue de Drapiers 40

1050 Brussels, Belgium
Tel. 32/2/502.70.15
Fax. 32/2/502.67.34

ADIF is a forum that consists of most, if not all, of the significant U.S. defense contractors who have offices in Brussels. Their function is both business and social, as they act as a mutual assistance and support group. ADIF's presidency is revolving. For further information, contact the current ADIF President:

John Largent
Vice President
Hughes Aircraft Inc.
Ave Ariane 5
1200 Brussels, Belgium
Tel. 32/2/778.49.11
Fax. 32/2/778.49.99