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FOREIGN DIRECT INVESTMENT

The Belgian economy has traditionally been characterised by high foreign direct investment (FDI). According to the [2023 World Investment Report](#) published by UNCTAD, FDI inflows were negative by USD 1.7 billion in 2022 (compared with USD 11.5 billion a year earlier). Similarly, FDI stocks fell slightly to almost USD 523.8 billion, from USD 555.7 billion the previous year. The main investing countries remain France, the U.S., Germany, the United Kingdom and Italy (by ultimate investing country - data OECD). Investments continue to be mainly oriented towards financial and insurance activities, manufacturing, professional, scientific and technical services, and administrative and support service activities. According to the latest data from OECD, FDI inflows were negative by USD 165 million in the first half of 2023, compared to -6.4 billion recorded in the same period one year earlier. In October 2023, Toyota Motor Europe announced that it would be investing EUR 1.3 billion to expand its manufacturing plant in Ghent, Belgium. Other important investment projects announced in 2023 include a new chip manufacturing plant in Liège (with AMD investing EUR 2.25 billion) and the expansion of Bosch's manufacturing plant in Tienen (EUR 1 billion).

Belgium's investment attractiveness can be attributed to its strategic geographic position at the crossroads of the main European markets, the quality of transport, logistics and telecommunications infrastructure, its trade specialised in semi-processed and semi-finished goods, a multilingual and qualified labour force and high levels of purchasing power. The stability of society, the quality of the labour and the infrastructures have been attracting projects. There are currently no limits on foreign ownership or control in Belgium and there are no distinctions between Belgian and foreign companies. However, starting from July 1, 2023, the new Belgian foreign investment screening rules came into effect. Any deals signed from this date onward must undergo mandatory pre-closing notification to the Belgian Inter-federal Screening Commission (ISC). The regulations apply to transactions where a foreign investor gains 'control' over a Belgian strategic entity or acquires voting rights (10% or 25%, based on the sector) in such an entity. The notification thresholds vary based on the sector involved, including health, energy, transport, artificial intelligence, the aerospace industry, media, biotech, etc. Finally, Belgium ranked 18th out of 82 countries in terms of business environment in the latest Economist Business Environment ranking; recording the same position in the [Corruption Perception Index](#). The country also ranks 23rd among the 132 economies on the [Global Innovation Index 2023](#) and 46th out of 184 on the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	6,805	11,587	-1,710
FDI Stock <i>(million USD)</i>	604,255	555,736	523,855
Number of Greenfield Investments*	215	271	281
Value of Greenfield Investments (million USD)	5,017	7,577	7,288

Source: UNCTAD - Latest available data.

*Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.*

Country Comparison For the Protection of Investors	Belgium	OECD	United States	Germany
Index of Transaction Transparency*	8.0	6.5	7.0	5.0
Index of Manager's Responsibility**	6.0	5.3	9.0	5.0
Index of Shareholders' Power***	7.0	7.3	9.0	5.0

Source: Doing Business - Latest available data.

*Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.*

WHAT TO CONSIDER IF YOU INVEST IN BELGIUM

Strong Points

Belgium's strengths in term of FDI attraction include:

- A highly educated, productive, multilingual and flexible workforce
- Quality business infrastructure, logistics and telecommunications (with the second largest European harbour, Anvers)
- Strategic geographical location at the crossroads of some of the main European markets
- A tradition of openness to international trade
- Businesses specialised in the supply of intermediate and semi-finished goods
- Strong purchasing power
- Good quality of life.

Weak Points

Belgium's weak points include:

- High cost of salaries
- High level of corporate tax
- Complex procedures of dismissal
- Dependence to the economic situation of Euro Zone
- Multilingual consumers create a need to focus heavily on labelling and marketing strategy
- High level of public debt
- Tensions between Flander and Wallonia.

Government Measures to Motivate or Restrict FDI

Investment incentives and subsidies are generally managed separately by the three Belgian regions of Brussels, Flanders, and Wallonia. In their investment policies, the regional governments emphasize innovation promotion, research and development, energy savings, environmental protection, exports, and most of all, employment. In general, all regional and national incentives are available to foreign and domestic investors with the same conditions.

Companies investing in Belgium may benefit from various tax reductions and exemptions:

- an exemption of 85% of net income for innovation income from patents, copyrighted software, plant breeders' rights. This means that companies conducting their own R&D activities can benefit from a tax deduction of up to 85% on future profits generated by intellectual property rights (resulting in an effective tax rate of 5.1% on qualifying profits).
- investment deduction for investments in new assets
- a federal tax exemption for a number of subsidies granted by the Regions
- an 80% tax exemption on wages relating to the employment of qualifying researchers. To benefit from this exemption, the R&D project must be reported to and approved by the Public Federal Administration for Scientific Policy ([Belspo](#)).

For further information consult the website [Business.Belgium](#).

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

- Food: the food industry comprises a major sector of the economy. The world's largest food groups are active in Belgium (Danone, InBev, Coca-Cola, Kraft Foods Belgium, Nestlé, Materne, Ferrero, etc.).
- Biotechnology: around 140 companies are active in biotechnology in Belgium. Universities and research centres have forged strong links with economic players to develop this forward-looking sector.
- Property industry: Brussels offers a strategic location, an attractive property market and the presence of key European decision-making bodies, making it the ideal headquarters for major corporations. Hundreds of multinationals – mainly American and Japanese – have their European headquarters in Belgium.
- Transport and logistics: Belgium is the perfect location for a logistical base, headquarters or distribution centre in mainland Europe. The infrastructure, skills and IT facilities provide an ideal environment and beachhead for conquering the European market.
- Automotive: over the past 20 years Belgium has turned out an average of 1,000,000 vehicles a year, most of them destined for export. Belgium is a key player in vehicle assembly. With plants like Opel Antwerp, Ford Genk, Audi Forest/Brussels, Volvo Europa, Van Hool (buses) and Truco, Belgium has a strong presence in the production market.
- The information and communication technology sector is dynamic in Belgium, notably thanks to the quality of telecommunication infrastructure.
- Aerospace: Belgian industry plays a key role in the aerospace sector. Many aircraft bear the stamp of Belgian know-how: Airbus, Boeing, the F-16, the Rafale, the Falcon 7X, the Ariane 4 and 5 space programs, SPOT earth observation satellites to name but a few. In its economic development plan, the Walloon Region specifically promotes competitiveness in the aerospace industry.

High Potential Sectors

There is significant growth in the service sector. The country has switched from heavy production to light manufacturing and is producing finished goods instead of steel, textiles, and raw materials. Belgium imports

basic or intermediary goods, adds value to them through advanced manufacturing and then exports the finished products. With the exception of its remaining coal resources, Belgium has no significant natural resources. The renewable energies sector is developing taking into account the goals set by the European Union, but remains underdeveloped.

Privatization Programmes

At the moment, Belgium has no scheduled privatizations, although there are ongoing discussions about a possible privatization of the state-owned bank Belfius and the government share in telecom operator Proximus. Despite calls to open up the Belgian railway sector to private companies, the government announced in September 2020 that SNCB will remain the only railway operator for the next ten years.

Tenders, Projects and Public Procurement

[EBP](#), Tenders and Projects in Belgium

[Tenders Info](#), Tenders in Belgium

[TED - European Public Markets](#), European Tenders

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

Lottery, the post (Bpost, which is not officially a monopoly but is protected against private actors, as underlined by the European Commission).

Sectors in Decline

Construction, steel, nuclear power.

Finding Assistance For Further Information

Investment Aid Agency

[Investing in Belgium \(Belgian Federal Government\)](#)

Other Useful Resources

[The Belgian Foreign Trade Agency \(BFTA\)](#)

[Doing Business in Belgium \(American Chamber of Commerce in Belgium\)](#)

Doing Business Guides

[Investing in Belgium - Thomson Reuters Practical Law](#)

[Doing Business in Belgium](#)

[Expatica - Guide to investing in Belgium](#)