

Belgium

Putting the pandemic behind it, and looking to a bright future

While Belgium's economy was badly hit by the global pandemic, the country has bounced back strongly. Belgium's GDP rose by 6.1% in 2021, according to the National Bank of Belgium, with the country's manufacturing sector up 3.3% in the last quarter of 2021 alone. There is also an increasing sense that the country is using the pandemic as a springboard for future growth.

"The coronavirus crisis has been a driver for change, in the sense that several underlying socioeconomic trends have accelerated," Prime Minister Alexander de Croo said in an interview late last year, pointing in particular to hybrid working models, businesses reinventing themselves during the pandemic, and a growing focus on digital initiatives and sustainability. "This must be seen as a unique opportunity to make the shift towards an economic growth that is more sustainable, digital, and geared towards the employment of the future," he added.

Last year Belgium was one of the first EU member states to submit ambitious plans as part of the bloc's NextGenEU recovery program, with 85 investment projects earmarked, alongside 36 reform projects, at an overall value of €5.9bn. These projects could help to further cement Belgium's position as a leading player in Europe, not to mention around the world.



Alexander De Croo
Prime Minister of Belgium

The business community certainly sees strong opportunities for the country. "Countries such as Japan and India have always been looking at Belgium, especially Antwerp, because of the port. It is big and gets a lot of volume in steel," says Kurt Crollet, CEO of Steelforce, the largest independent Belgian steel trader, which exports to over 100 countries and had a turnover of more than €2bn in 2021. "There is also the skills and know-how in the people: we have good schools supporting trading and shipping, and banks and insurance companies support this type of business here."

"Belgium is a small country and so we need

to be open and diplomatic," Crollet adds. "In international business, language is important, but business language is even more important. Belgians were brought up that way: to understand, to listen, to be diplomatic and to find solutions."

Others agree that Belgium's strengths lie in its people and approach to business. "It's a bit of a paradox because Belgium's strength is also one of the reasons why we don't have such a strong brand position internationally," says Hein Deprez, co-CEO and founder of Greenyard, a global supplier of fresh, frozen and prepared fruit and vegetables. This strength, Deprez adds, is in its solid democratic foundation. "Consensus is a kind of art, and we respect everyone in society...High labor cost made us as a country more innovative, creative and productive. We have high costs, but we are still able to export."

Going forward, Belgium will look to benefit from a rapidly changing and more forward-looking world. The Belgium government is currently discussing additional efforts, reforms and investments to run alongside its NextGenEU funded initiatives. "The idea is to build on the strong economic recovery and turn it into a springboard for higher potential growth bringing an ever greener, more digital, and more inclusive society," said de Croo. "A society where every individual gets a fair shake."

Greenyard - A plant-based powerhouse

Belgium has long been considered one of the most stable and democratic countries in Europe. It also has a thriving economy, and looks to have recovered well from the pandemic; according to the National Bank of Belgium, the country's GDP grew by 6.1% in 2021, with value added up by 9.9 % in the industrial sector and 5.2% for services.

For Belgian companies, being innovative and a global leader is key. "The most important aspect for the development of our company and our business has always been to look at how we can stay relevant in our sector, and how we can become the most successful, efficient, sustainable and the best source of fresh fruit and vegetables," says Hein Deprez, co-CEO and founder of Greenyard, a global leader in fresh, frozen and prepared fruit and vegetables.

The publicly listed company began as a producer of mushrooms back in 1982, but quickly altered its approach, reflecting a visionary approach to the business. "We were there with just one product, and it became obvious very quickly that we had to work in a different way and centralise more and more products to become efficient and to bring more added value," says Deprez. "To supply products of nature at any moment and all year round, in a sustainable way, you need a sophisticated chain and three divisions. To reach this goal you must be sure you can work with the retailer every day," he adds.

Greenyard now counts Europe's leading

retailers amongst its customer base, and is looking to expand further. "There is a huge potential for continued growth," says Deprez. "We believe we can capture an important part of the plant-based market, which is estimated to grow to over \$ 160bn. We see a shift in the way people consume."

Deprez says that an important development that has come out of the pandemic is an improved understanding of healthy eating habits, and how they can help to protect you from certain diseases. "More and more people are starting to understand that eating plant-based food is better for our health and for the planet. The mentality has started changing," he says. "In the future we will see that change speed up, and we will leverage the window of opportunity for low-processed and healthy convenience products."

At the end of 2021, Greenyard came out with a revised strategy for 2030, with a focus on strengthening its existing positions and expanding its resources, becoming a plant-based powerhouse.



Hein Deprez
Co-CEO and Founder

"We are plant-based by nature. It is in our DNA. It gives us a clear head-start and our approach is unique: we integrate with customers, unburden them through value-adding services and expertise, directly connecting them to our strong network of growers. We work together, create together and invest in specific items," he says. "It's the unique way of working in the market, and improving this integrated strategy will make the difference."

When it comes to Belgium, Deprez sees strength in the maturity of the country. "We are a multi-national and small country. We have learned to maximise our output through strong collaboration, leading to very high efficiencies," he says. "The cost of labour in Belgium is 2.5 more than in Britain, but the labour cost per tonne is equal in both countries. High labour costs made us become more innovative, creative and productive."

Steelforce - Belgium's global steel trading success story eyes further growth

Affirming Belgium's "high grade" investment status and upgrading its outlook to stable, Fitch Ratings gave one of Europe's most open and dynamic economies a strong vote of confidence in its latest ratings action on the country, in September 2021.

The agency highlighted Belgium's rapidly improving deficit dynamics and forecast 5.8% growth in 2021, with the economy set to "continue growing strongly in 2022". Fitch expects Belgium to receive a further boost from the European Union's Next Generation Fund (NGEU), which allocates €5.9bn to the country - equivalent to 1.2% of GDP - and which is expected to trigger structural reforms that will lift longer-term growth potential. "Belgium's highly diversified, open and wealthy economy is a key credit strength" Fitch noted.

Belgium is one of the world's leading steel exporters, ranking sixth in the world in 2017, according to the US Department of Commerce, exporting to more than 170 countries and territories - a remarkable achievement for a relatively small country. The country earned \$11bn from iron and steel exports in 2020, according to UN COMTRADE, despite the drop in global steel demand caused by the covid-19 pandemic.

Founded in Antwerp in 1988, Steelforce has become a leading player across the globe. In 2021 it achieved turnover of €2bn and has built an international reputation trading between the steel producers from all origins and steel users both in established developed markets and more challenging, fast-growing jurisdictions in Africa and Latin America.

"The opening of the Chinese steel export market in 2005 was a milestone for us" says Steelforce CEO Kurt Crollet. "Until 2004, China was net importer, but we became one of the first to start exporting, developing business for Chinese mills on Africa and Latin America. Over the years we entered in all major exporting markets, including Europe, India, Vietnam, Turkey, Brazil, Russia, and Ukraine."

Operating in the volatile market of raw materials, it is Steelforce strength to have a diversified portfolio of origins, destinations, steel products and trading concepts. "Diversify to reduce volatility", states Crollet as strategic baseline for the group. Steelforce will explore further options to diversify its activity but "diversification should be within the core we know: the steel business."

A strong growing activity of Steelforce is trading in tinplate and tin-free steel. Material used in the metal packaging industry both for packaging of food, beverage and consumer goods (paint, cosmetics ...etc). Steelforce is today the major independent importer of these products in the European, Latin American, and North African markets, through

exclusive distribution agreements with the major producers in Europe and in Asia.

With today's disruptions in production and logistics, steel users are looking for sustainable and reliable sourcing partners, to diversify their purchases so to mitigate the risk of disruption in their supply chains. This trend grows even stronger in metal-packaging, where the FMCGs environment daily exposes producers' brands to consumers' judgement.

With our in-depth knowledge on the tinplate market and a decade of leadership in developing new sourcing projects for the major metal-packaging users in the world, we believe our business model could be valuable and successful in the US in the near future.

Steelforce's growth has been further boosted by its partnership with Japan's Marubeni-Itochu, which first invested in the Belgian company in 2017 and took a further stake in 2021.



"We are proud that a Belgian company grown up step by step from the base in Antwerp attracted the attention of a giant like Marubeni Itochu," says Crollet. "It tells a lot about the reputation we've built and the skills we have. Thanks to the partnership, Steelforce has gained access to Japanese financial resources, which extend and diversify Steelforce's portfolio of working



Kurt Crollet
CEO

capital solutions. It is our aim to further diversify our base of finance, to be less dependent on individual financial partners. In that sense, the US market has a different approach on fund raising which might be interesting for Steelforce.

Crollet is confident that the financing environment is conducive to expansion, with financial investors seeking higher returns, both through equity investments and loans to growing businesses. Steelforce's strong track record will help with excellent financial results despite the recession and commodity price fluctuations.

Trading globally, Steelforce remains rooted in the values of its home market, where it was founded over thirty years ago. Crollet notes that Belgium remains a quiet success story with numerous strengths: its stable regime, a climate of entrepreneurship, logistic location, and above all its human capital.

"We are ambitious hard-working people" he says. "People here are known for their dedication, to do the rights things right. They don't just want to do their jobs, they want to do their jobs well and be proud of what they are doing. Our story reflects that." As a foreign investor, it is a comfort to rely on a reliable local staff. An asset that cannot be quantified like investment support or fiscal advantages granted by a country, but an asset you can build companies on for a long future.