

Navigator

Now, next and how for business

Belgium



Together we thrive

Overview

Macroeconomic stability untouched by political uncertainty

Belgium may have spent much of 2019 without a federal government, but that does not seem to have adversely affected its economic prospects so far. In the World Economic Forum's list of the most competitive economies globally, it ranks joint first for macroeconomic stability with a near-perfect score of 100.¹

State of play

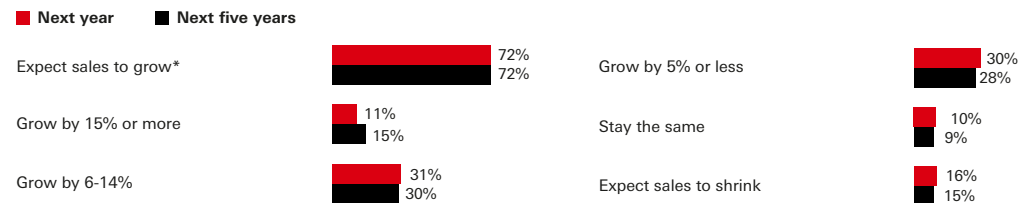
Businesses cautious despite apparently firm foundations

Despite the country's stable economy and its strategic position at the hub of the European Union, Belgian businesses are more conservative in outlook than their global and European peers. This trend applies across short-term and long-term outlooks.

Less than a third (32%) of Belgian firms are more optimistic than a year ago, compared to 41% throughout Europe and nearly half (47%) globally. Meanwhile, considerably more than average feel pessimistic.

Encouragingly, 72% of Belgian companies expect sales to grow in the next year. Of those, only 11% are high-growth firms, meaning they expect growth of 15% or more in the next year. This is about half the global average of 22%.

Expectations for future business growth



*This is the sum of grow by 5% or less, 6 - 14%, 15% or more.



What you need to know



Belgian companies are conservative in both their short-term and long-term outlooks – 72% of Belgian firms predict growth over five years versus 82% globally.



While 72% of Belgian firms expect growth in the next year, only 11% expect growth of 15% or more.



Only 38% of Belgian businesses expect to change totally or substantially in the next five years, compared to 50% globally.

What your business can do



Invest in technology. This is seen as the top strategy for growth among Belgian firms and is especially high for large companies.



Improve your products and services. This is seen as a key way to counter threats by Belgian businesses.



Enter new markets. Belgian firms making changes to their supply chain in the next three years are more focused on doing business in new markets than last year (2019: 28% versus 2018: 11%).

Trade outlook

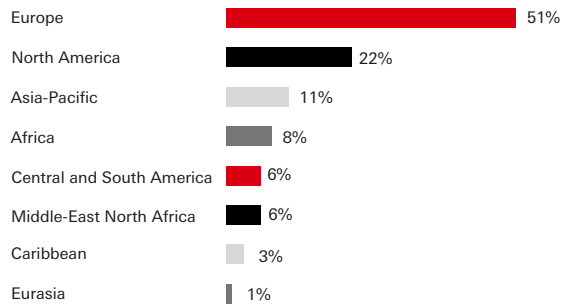
Same key region, changing focus

Encouragingly, only 44% of Belgian businesses have stopped or reduced trading relationships with other markets in the past two years, while only 34% intend to do so in the next two years. Both figures are significantly lower than the global averages of 55% and 46% respectively.

Trading within Europe continues to be paramount for Belgian businesses, with 73% of companies counting at least one other European country as a trading partner. Unsurprisingly, given Belgium's geographical location, the top three export markets continue to be France, Germany and the Netherlands. However, France, the Netherlands, Denmark, Switzerland and Austria all decreased in importance, while Poland emerged as a burgeoning new market and trade grew with Italy, Luxembourg and Finland.

Globally, while trade with North America continued to be important for 17% of firms, the proportion of firms trading with APAC doubled from 9% to 18%. Strangely, this appears to be a blip, as only 11% of firms expect to expand in APAC over the next three to five years.

Future trading expansion markets in the next three to five years



What you need to know



73% of Belgian companies trade within Europe.



Poland became a more important market for Belgian exports in 2019, while exports to APAC doubled in importance.



Over the medium to long term, Europe and North America continue to be favoured as export markets.

What your business can do



Seek partnership opportunities. This is the most important factor for Belgian firms in choosing new markets.



Monitor geopolitical risk. 40% of Belgian companies see it as a reason for withdrawing from particular European markets.



Explore markets with a strong culture of innovation. This is the key reason cited by 36% of Belgian firms interested in expanding in North America.

Protectionism and geopolitics

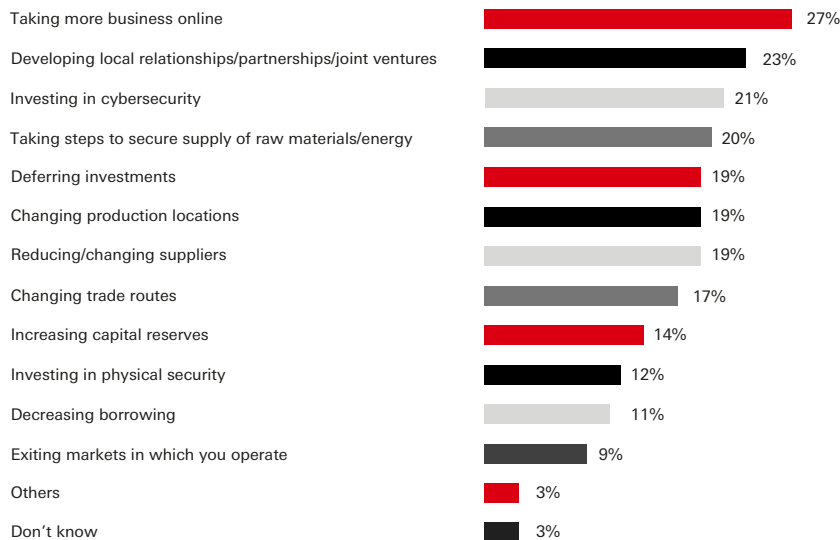
Gain or loss? Views vary considerably

Over half (53%) of Belgian companies have felt the effects of protectionism in 2019, 9% more than in 2018. However, this is markedly lower than the 65% global average.

For those businesses who are feeling the impact, views on the overall effect of protectionism are very mixed with 40% saying the gains and losses are balanced. Strategies to cope with protectionism vary considerably by business type.

As with protectionism, Belgian businesses are suffering less from the impact of geopolitics than their global peers, although more than half (55%) are feeling some effect. To address the challenge, 27% of Belgian firms are taking business online, while developing local relationships, partnerships or joint ventures and investing in cybersecurity are also popular measures.

Ways in which businesses are coping with geopolitics



What you need to know



53% of Belgian businesses are feeling the effects of protectionism – well below the global average of 65%.



Belgian firms have a very mixed view on whether the overall impact of protectionism is positive or negative.



Geopolitics is less strongly felt by Belgian businesses than globally (55% versus global 64% and Europe 60%).

What your business can do



Look at cutting costs. This is the most popular strategy employed by Belgian corporates to address protectionism.



Consider opening physical premises in local markets. 23% of Belgian goods businesses are considering this option to counter protectionism.



Take business online while investing in cybersecurity, these are both strategies employed to cope with the impact of geopolitical risks.

The sustainable future

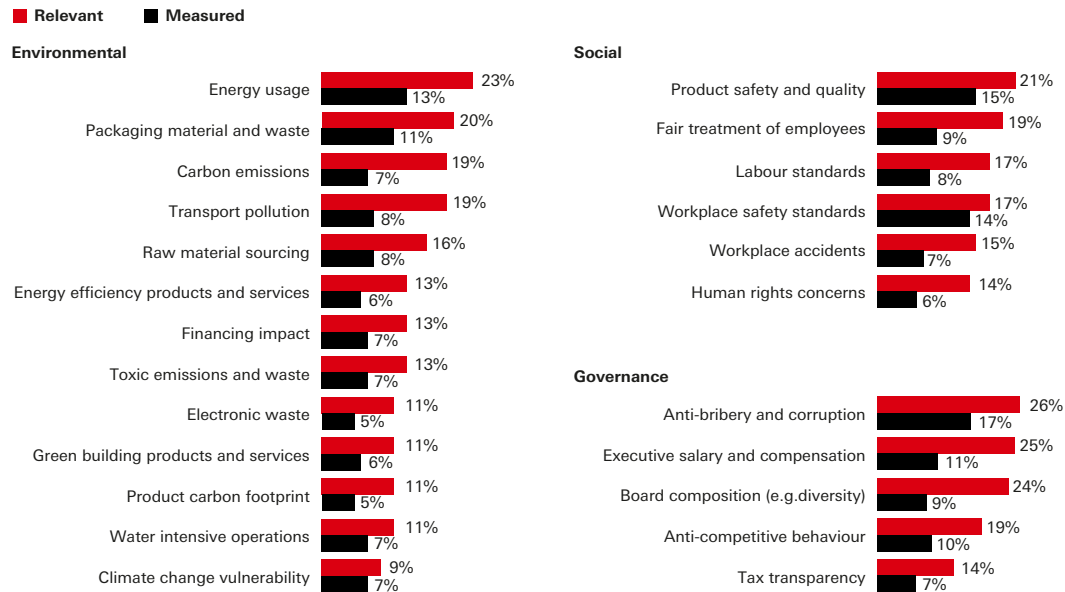
Motivations vary widely by business type

With sustainability a hot topic for businesses globally, Belgian companies are feeling the pressure to address the issue over the next five years from governments, consumers and competitors alike. The drivers are both internal and external, from gaining reputational advantage and growing sales to meeting regulatory standards and living up to buyer expectations. However, Belgian firms are far less likely to see sustainability as a means to improve operational efficiency (15% versus 26% globally) or transparency and traceability (12% versus 21%).

Environmental, social and governance (ESG) metrics are relevant and being measured by a similar number of firms in Belgium as worldwide. For Belgian firms, energy usage (23%), product safety and quality (21%) and anti-bribery and corruption (26%) are the most relevant for each of the three metrics.

Meanwhile, when it comes to the UN's Sustainable Development Goals (SDGs) less than half of Belgian firms think they have a role to play and only one in 10 believe that role to be significant.

Key ESG metrics considered relevant and measured by businesses



What you need to know



Belgian companies are feeling the pressure to be more sustainable in the next five years from governments, consumers and competitors.



Belgian firms feel sustainability will help them to meet buyer expectations (25%), gain reputational advantage (24%) and meet regulatory standards (23%).



Only one in 10 Belgian firms believe their role in achieving the UN's Sustainable Development Goals is significant.

What your business can do



Address anti-bribery and corruption issues. 26% of Belgian businesses feel this is the most relevant factor in terms of governance.



Decrease your energy usage. This is the most relevant environmental factor for Belgian firms.



Look at the safety and quality of your products. Belgian companies identify this as the most relevant social issue.

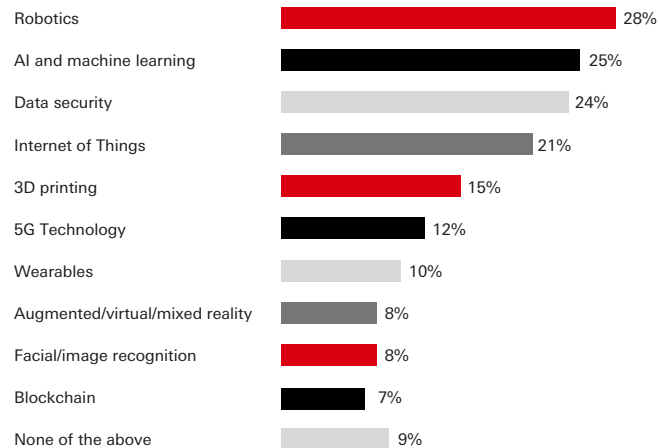
Breakthrough tech

Firms look to tech to boost their business

The most agile and resilient firms globally are turning to technology as a key driver of growth and Belgian businesses are no exception. Robotics, artificial intelligence (AI), data security technology and the Internet of Things (IoT) are all identified by over a fifth of firms as among the technologies most likely to be important over the next five years. Of these, interest in robotics is particularly high at 28% (compared to 20% globally). More than half of firms expect robotics to reduce costs, with almost as many expecting a similar benefit from AI. It is worth noting that while a quarter of firms globally expect 5G to be important, only 12% of Belgian companies do.

In common with their global peers, Belgian businesses see the US, China, Germany and Japan as the major hubs for these new technologies.

Technologies businesses think will be important over the next five years



What you need to know



Interest across technology including robotics, AI, data security and the IoT is high for Belgian companies.



Belgian firms expect the key benefit of both robotics and AI to be reduced costs.



Belgium sees the US, China, Germany and Japan as major hubs for new technologies.

What your business can do



Investigate robotics and AI as a means of reducing costs and increasing productivity.



Consider your local market as a source of expertise in specific emerging technologies.



Make sure you understand the potential impact of 5G for your business. Belgian firms are half as likely as those globally to recognise its future importance.

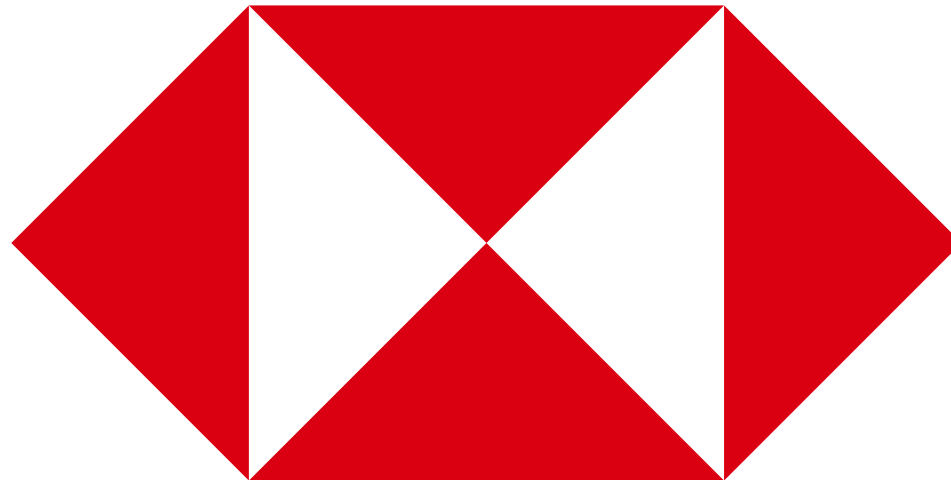
About HSBC Navigator Belgium

The HSBC Navigator survey, which is the largest of its kind, is conducted on behalf of HSBC by Kantar. The study gauges sentiment and expectations of businesses in the near to mid-term future on topics including: business outlook, international trade, geopolitics, sustainability, technology and wellbeing. It is compiled from responses by decision-makers at 9,131 businesses – from small and mid-market to large corporations – across a broad range of industry sectors in 35 markets. Sample sizes for each market were chosen to ensure the statistical accuracy of results, with 200 businesses surveyed in Belgium. Global results are based on an average of the 35 markets (using weights based on each market's share of world trade). The survey was conducted between August and September 2019. Interviewees were polled on a range of questions including expectations around future growth in trade, attitudes toward trade policy developments and strategic business plans. The survey represents a timely source of information on the fast-evolving international business environment.

Data visualisations based on the following:

Page 2, 3, 5 & 6: all companies. n=200

Page 4: companies who are impacted by geopolitics. n=185



For enquiries please contact:

Kate Woodyatt

HSBC Global Communications

katewoodyatt@hsbc.com

Or go to www.business.hsbc.com/trade-navigator

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