



Washington on the Zenne

In 1989; the Belgian economic magazine Trends launched the idea of turning Brussels into a European federal enclave.

As a pleasant provincial town in the center of Europe, and the host of many international organizations such as the European Union, NATO, etc... Brussels has a natural vocation as the capital of Europe. "Brussels, District Europe" could be a sort of "Washington on the Zenne". The Zenne is not the Potomac, far from it. This river has been tunneled in at the end of the 19th century, but the idea caught the attention of some, including the Belgian Minister of Finance.

He has been doing a road show with the Prime Minister in New York, Frankfurt, Paris, Hong Kong, Tokyo and London, where he has been presenting the merits of Belgium as a place in Europe to invest. Later this month, the ministers will visit Toulouse and Lyon

The recent corporate income tax reform (the reduction of the tax rate from 40.17 % to 33.99 %), the new system of fiscal rulings, and the simplification of the Belgian administration and e government are the three key factors of the attraction of Belgium and Brussels. He discovered that presenting Brussels as the European counterpart of Washington stuck in the minds of his audience.

The road show was accompanied by a television spot on CNN and Euronews, showing Belgium as a hole big enough to make a Tiger Woods out of everyone of us, under the catching title : "Investing abroad is a tough game. In Belgium, we've just made it easier". The content of the presentation, and the promotional video can be found on www.invest.belgium.be. This website also offers short introductions to the corporate income tax reform, the new fiscal ruling and the investment incentives.

The Minister's advisers are well aware that word of mouth is still the best form of advertisement. On the promotional site one can find the testimonials of some captains of industry who have chosen Belgium for their European headquarters. Dr. James E. Carnes, President and CEO Sarnoff Corp., Mr David L. Vercollone, Senior VP Millennium Chemicals, Mr Ken Moran, Vice President Pfizer Inc., Mr Steden h. Wunning Vice President Caterpillar Inc., Mr. Thomas G. Wattles, Managing Director Security Capital Group, Mr Junshi Hata, President EVAL Europe, CEO AW Europe have agreed to record a short video in which they do not mince their praise. They all agree on

- its central location within Europe and its easy access to other countries via a first class infrastructure (railways, motorways and airports and telecommunication infrastructure).
- the productivity of its multilingual and highly qualified population,
- the financial and tax incentives (tax structure for the business, the tax situation of the employees, etc ..
- the proper balance of the cost of employment and the benefit for the employees.
- and with a knowing smile, Mr Junshi Hata mentioned the good life he is enjoying in Antwerp.



Mr Akira Imai of Toyota Motor Company which has been in Belgium since 1965, mentioned the easy access he has to government officers who are always ready to talk. Mr Vercollone of Millennium Chemicals which set up a coordination center in 2000, confirmed how he had been working closely together with the Tax Authorities to find an equitable structure that satisfied both the needs of his group and the needs of the Tax Authorities. Most important for him was the relative low risk on the long term

Belgian tax lawyers are constantly complaining about how frequently the Belgian tax legislation is changing and how little certainty it offers for the advice they give. They forget that for companies who invest in the long term to do real business, the constancy of the tax law in the long term is a major trump card. Temporary measures and incentives are meant to attract companies for the short term, and changes in the tax law only aim at preventing abuses of the system. They only hit long term investors if they have been banking on loopholes and temporary incentives.

The promotional website presents "extensive legal background information" about legal structures, procedures, tax, labour issues, investment incentives framework for lawyers, accountants, legal and tax advisors. They risk being disappointed though by what they find on www.investinbelgium.fgov.be. Extensive it is not and it contains some minor but disturbing errors.

The information about e-government is - disappointingly - only available in Flemish or French, and lists some 700 government websites and 214 forms which can be downloaded, but still need to be processed by snail mail. The summary of the situation (in July 2002) cannot be accessed. The ideas are there, but a lot still needs to be done. The Minister should have made more of the efforts of his own department in setting up the tax website www.fisconet.fgov.be. This is an extensive and easily accessible database of nearly all the tax legislation, the case law, the official comments and notes of the Tax Authorities, the double taxation treaties, etc ...

Belgium is aware that it is not flavor of the month in the U.S. Despite its (current) official stance on Iraq in the shadow of France, it still has a lot to offer to potential investors, and sometimes more than its Ministers are actively promoting.

Marc Quaghebeur, 11 March 2003