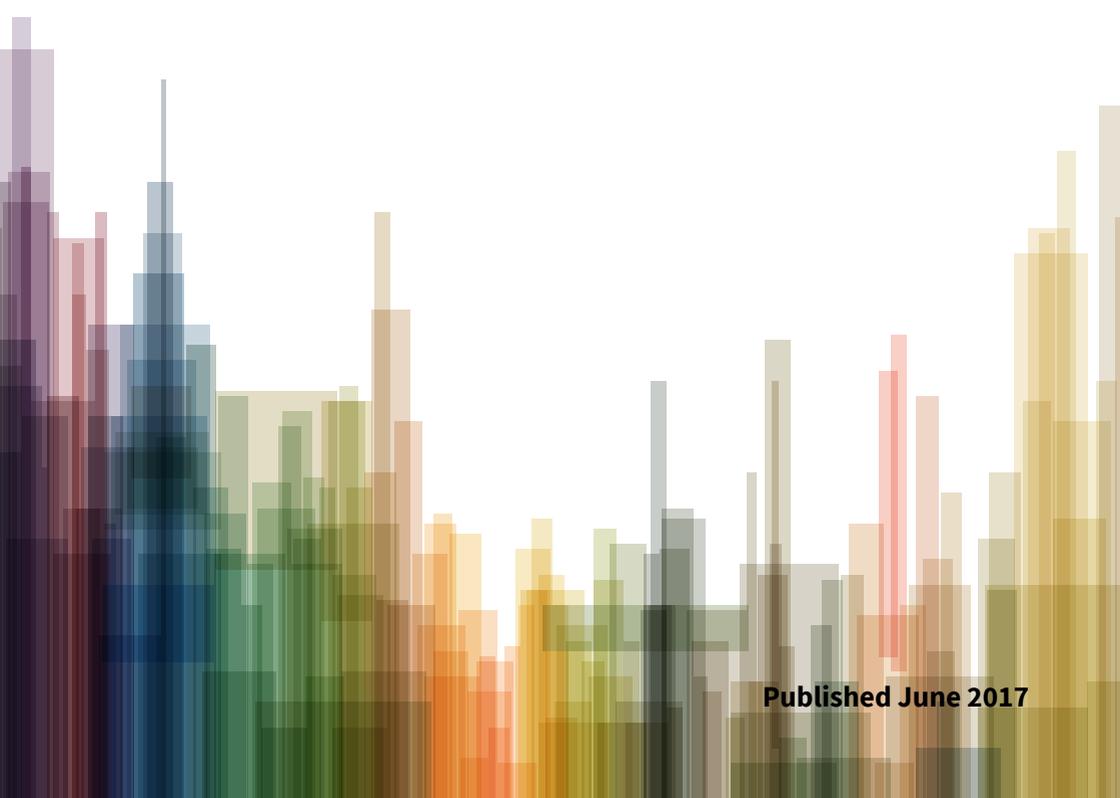




**AMCHAM BELGIUM**  
AMERICAN CHAMBER OF COMMERCE IN BELGIUM

# Belgium as a Hub for Regional Headquarters



**Published June 2017**

## **About AmCham Belgium**

The American Chamber of Commerce in Belgium (AmCham Belgium) is a dynamic non-profit organization dedicated to improving business and investment opportunities for the US-Belgian business community. Supported by around 500 member companies, AmCham Belgium plays a pivotal role in an evolving business environment by focusing on three key areas: advocacy, networking and knowledge-sharing.

Photo credits: Cover: [iStock.com/shuoshu](https://www.iStock.com/shuoshu)

# INTRODUCTION

## **When Belgium attracts corporate decision centers, it increases its chances of receiving subsequent investment from these companies.**

This is one of the key findings of AmCham Belgium's survey on regional headquarters (RHQs), launched in December 2016. Regional headquarters, for our purposes, are those decision centers which are responsible for more than the Belgian market at the business unit or company level.

The survey yielded 70 completed responses from international companies, or a 16.5% response rate. Together, they employ more than 33,800 people in Belgium, with an average of 483 employees per company. US companies, from a healthy balance of sectors, make up 81% of respondents.

These international businesses say **#Yes2Belgium** for its strengths, such as its prime location for market access, proximity to EU institutions and its quality workforce. Yet, Belgium cannot afford to stand still as global political and economic changes force companies to re-evaluate their corporate footprint. Additional concerns about high corporate taxation, labor costs and mobility can continue to drive some of these regional headquarters away.

Belgium's unique position at the heart of Europe can stand out in a changing world – now is the opportunity to re-establish itself as a preferred hub for regional headquarters.

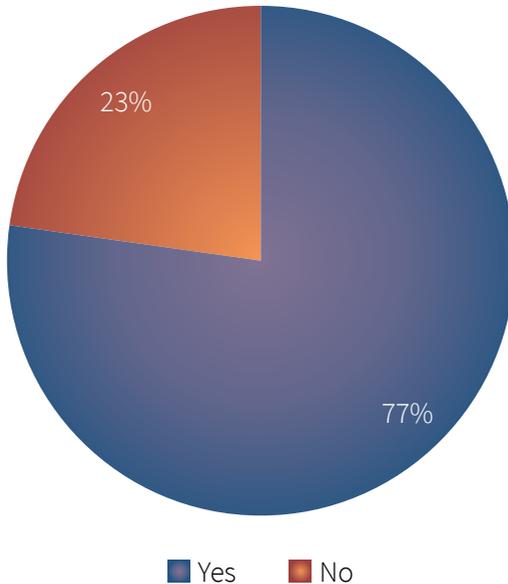
**Marcel Claes,**  
Chief Executive



# BOOSTING THE LOCAL ECONOMY

Regional headquarters steer company decisions that shape the corporate structure. Three-quarters of our respondents' RHQs in Belgium decide how to distribute corporate resources in their area of geographic responsibility. **Local markets tend to be favored for additional resources and investment.**

*Can your RHQ decide where to allocate resources?*



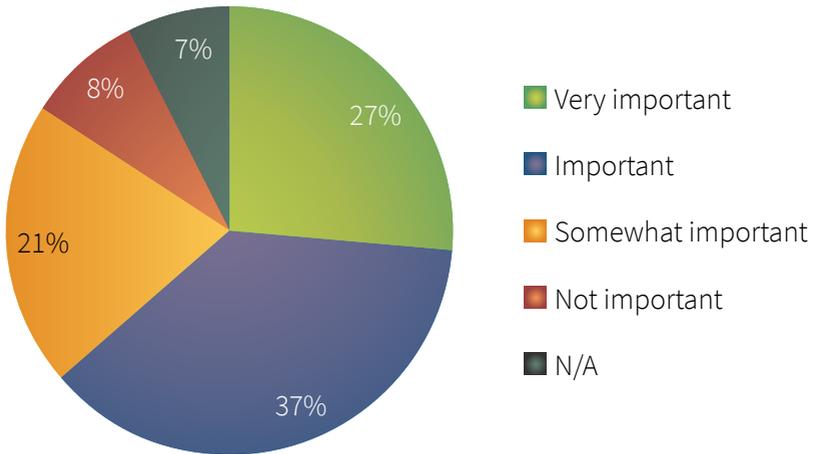
RHQs also create jobs. Along with employing **highly-skilled staff**, such as senior executives and functional leaders, RHQs also hire external experts and basic service providers. RHQs induce a **positive spill-over effect** by generating direct and indirect jobs, thereby strengthening the local labor market.



# DRIVING FUTURE INVESTMENTS

When a country attracts regional headquarters and decision centers, it increases its chances of receiving **future investment** from that company. Nearly two-thirds of respondents said that the location of their RHQs is ‘important’ or ‘very important’ for investment decisions.

## *The importance of the RHQs’ location when deciding to invest somewhere*



This is borne out in Belgium: half of the companies with RHQs in Belgium made subsequent investments in the country.



After we opened our European headquarters in Brussels in 1996, we’ve made many targeted investments, including the acquisition of Kiala in 2012. This was a game-changer for UPS, and we could expand the Kiala model to many other countries.

*– Karl Haberkorn, Managing Director, UPS Belgium*



# FAMILIARITY IS KEY

With presence comes familiarity – and in a changing world, companies value **knowledge of local markets and legislation**. More than 85% of companies believe it is a decisive factor when investing. When companies know the ropes of a country, more investment tends to follow. This demonstrates the importance of clear, stable and predictable legislation.

“

Coca-Cola established its EMEA hub in Brussels quite some time ago and leveraged this to build our R&D activities in Belgium. Based on its very local business model in which we closely work together with our bottler Coca-Cola European Partners, today each job at Coca-Cola supports six others, totaling almost 17,000 jobs in Belgium.

*– Jeroen Langerock, Belux Communications Director, Coca-Cola Services*

“

ExxonMobil has a regional headquarters in Brussels, which employs approximately 1,000 people. Today, we are investing more than \$1 billion in our Antwerp refinery to serve Europe where demand for transportation fuels will remain high. This investment builds on past strategic investments and on Antwerp’s advantageous location in an integrated petrochemical cluster.

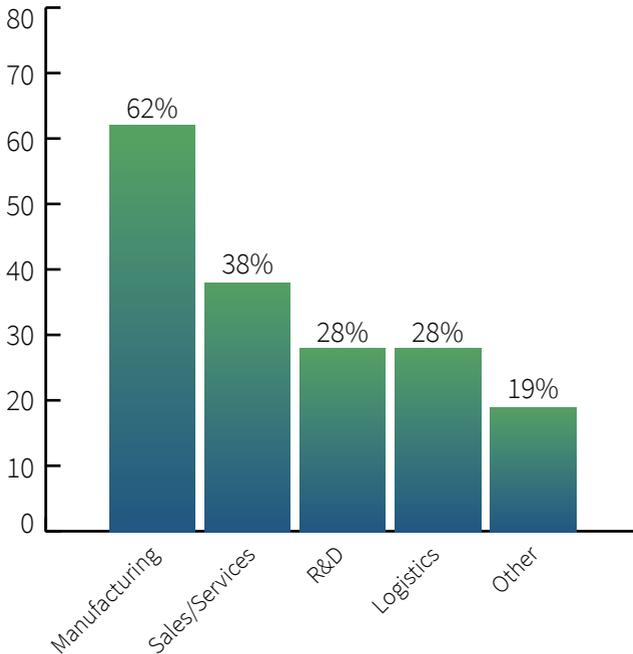
*– Joost Van Roost, President, ExxonMobil Benelux*



# EMBEDDED IN THE LOCAL ECONOMY

Of companies that have a RHQ in Belgium, 66% have **built strong links** with local suppliers and distribution channels, and they employ local people in a variety of sectors, such as manufacturing and R&D.

*Sectoral investments after establishing a RHQ in Belgium  
(% of respondents)*



“

Allnex's global headquarters, industrial and research activities in Belgium are very integrated in the local economy, building on the rich local network of suppliers: raw materials, consultants, contractors and logistics.

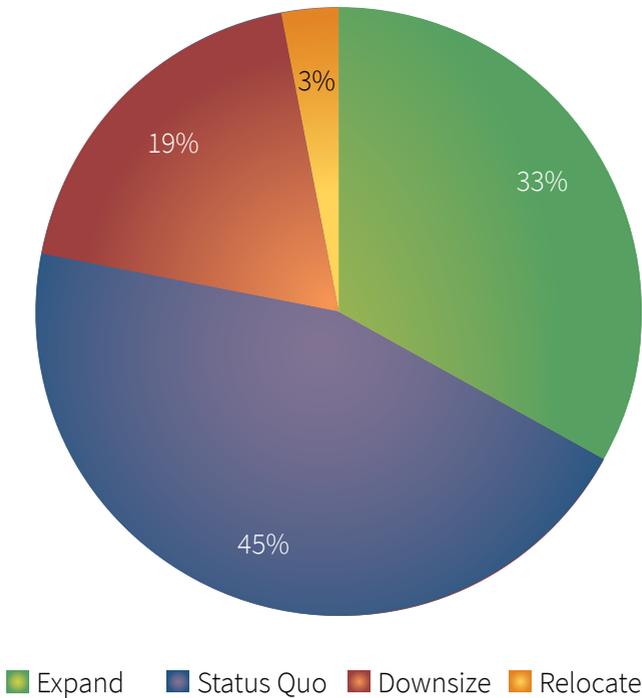
- Frank Aranzana, Operating Partner, Allnex



# THE FUTURE OF RHQS IN BELGIUM

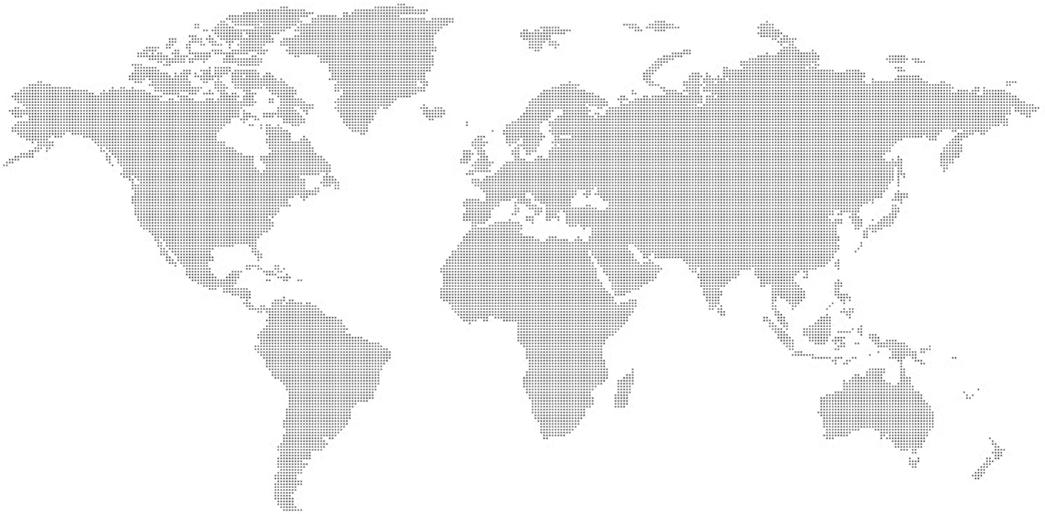
Most RHQs are either satisfied with their current situation in Belgium or optimistic about their future here. **One-third of them intend to expand their activities** in the country over the next five years. Their growth is mainly due to mergers & acquisitions, the international economic context and Belgium's talent pool.

*Most likely scenario in next 5 years*



# RHQs' ACTIVITIES IN BELGIUM

RHQs in Belgium have many responsibilities. More than 80% of them handle **general management, human resources, accounting, marketing, treasury** and **finance**. In practice, different activities often cover different geographic regions. From their base in Belgium, regional headquarters coordinate the **EMEA region** (35%), **Europe** (16%) and the **Benelux** (14%). Almost 7% of respondents indicate that their RHQ has **global** responsibility.



“

Cigna's Antwerp office is the RHQ that provides international organizations with worldwide health coverage and services.

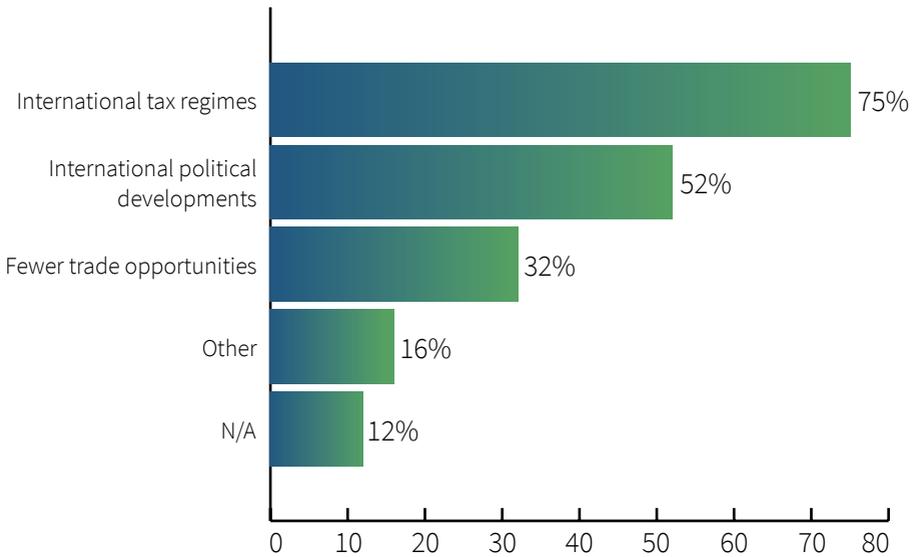
*- Bart Jordens, Managing Director International Organizations and Africa, Cigna*



# INTERNATIONAL DEVELOPMENTS

In a globalized and interconnected world, the location of RHQs could be influenced by international changes. Chief among these worries are **international tax developments and political shifts**.

*International influences on RHQ location (% of respondents)*



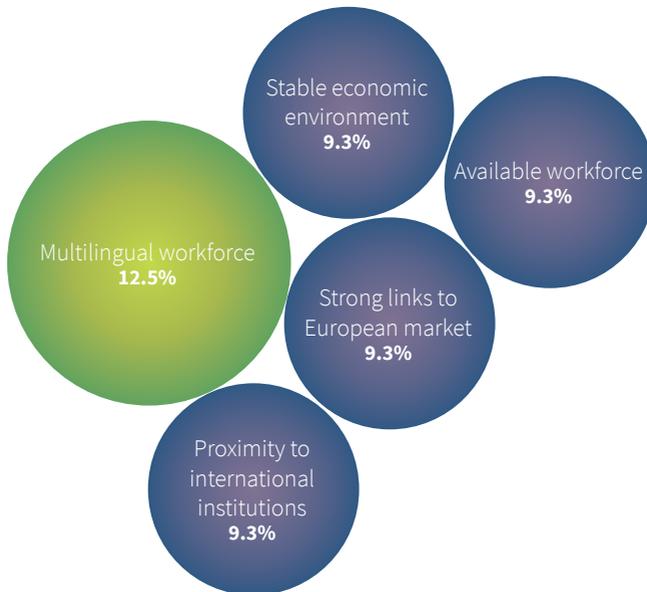
In the midst of global changes, the **EU Single Market is a valued framework** – 67% of the surveyed companies consider that having their RHQ in the EU is important.



# BELGIUM ATTRACTS RHQS

The country's **workforce**, its central **location**, and – at the time – attractive corporate taxation were top reasons why companies established their RHQ in Belgium. According to respondents, some of these factors have improved over the years.

## *Top 5 factors that improved over time (% of respondents)*



In addition to these factors, frequently mentioned advantages in setting up shop in Belgium today are its competitive real estate market, quality of life and strong financial infrastructure.



For Altair Global, Belgium is the right location for our RHQ: easy access to other countries and Altair offices and customers throughout Europe, as well as other companies' HQs in Belgium and multilingual staff.

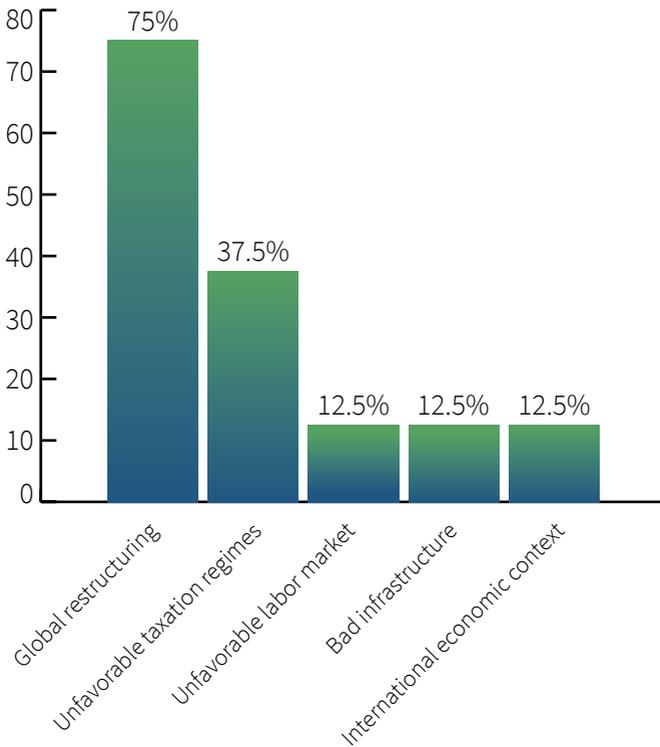
*– Walter Vermeeren, Senior Vice President EMEA, Altair Global*



# NEIGHBORING COMPETITION

Most companies that have an RHQ in Belgium plan to stay and grow. Yet, **19% expect to downsize** in the next three years and 7% of all respondents indicated that their company's RHQ has already relocated to a neighboring country such as France, Luxembourg or the Netherlands.

*Reasons for downsizing (% of respondents)*



When companies transfer headquarter activities abroad, they generally do not consider moving to another continent: they choose another European country.



# SAFEGUARDING THE FUTURE

To keep existing and attract new decision centers, Belgium has to address international companies' concerns – namely, high and unpredictable **corporate taxes**, including insufficient **double taxation treaties**, high **labor costs for skilled workers, congestion** and unreliable national and international **travel connections**. Many of these concerns also depend on the appropriate transposition of European and international law into Belgian federal and regional legislation. Belgium should strive to create a level playing field.

Unfortunately, these concerns are not new – companies already flagged many of these same problems in our last survey on RHQs in 2006. Belgium is at a standstill.

Perhaps even more problematic is that Belgium's once attractive legislation for decision centers has either been withdrawn or has deteriorated in the last ten years, as exemplified by the declining importance of the Notional Interest Deduction. Moreover, the successive devolution of power to the regions has increased administrative complexity, which also factors into investment decisions. As a result, rather than welcoming new RHQs to Belgium, we are seeing more RHQs leaving the country.

Belgium possesses strong assets to re-establish itself as an RHQ hub. Yet, the country cannot reach this goal without tackling companies' concerns. **Today, the timing is right to grasp this opportunity.**



# EXECUTIVE SUMMARY

*Belgium as a Hub for Regional Headquarters* explores the reasons to say #Yes2Belgium for regional headquarters (RHQ). Our survey results reveal that this form of investment matters for the local economy – half of the companies with RHQs in Belgium made subsequent investments in the country. Because of international changes and Belgium's unique environment to host RHQs, the timing could be right for Belgium to re-establish itself as a RHQ hub. Policy recommendations to address the international business community's concerns about the labor market, corporate taxation and related topics will be presented in our 2017 *Priorities for a Prosperous Belgium*, scheduled for release in Fall 2017.

## Dutch

*Belgium as a Hub for Regional Headquarters* onderzoekt waarom regionale hoofdkantoren (RHK) #Yes2Belgium zouden zeggen. Onze enquêteresultaten tonen aan hoe belangrijk deze vorm van investering is voor de lokale economie – de helft van de bedrijven met een RHK in België hebben nadien andere investeringen gedaan in het land. Gezien de internationale ontwikkelingen en de unieke omgeving in België om een RHK te vestigen, lijkt het nu het juiste moment te zijn voor België om zich te herpositioneren als hub voor regionale hoofdkantoren. Beleidsaanbevelingen om de bezorgdheden van het internationale bedrijfsleven aan te pakken omtrent de arbeidsmarkt, vennootschapsbelastingen en andere gerelateerde onderwerpen, zullen voorgesteld worden in onze publicatie *Priorities for a Prosperous Belgium*, gepland voor het najaar 2017.



# French

*Belgium as a Hub for Regional Headquarters* examine pourquoi les sièges sociaux régionaux (SSR) diraient #Yes2Belgium. Cette publication souligne l'importance de cette forme d'investissement pour l'économie locale : la moitié des entreprises ayant un SSR en Belgique ont par la suite effectué d'autres investissements dans le pays. Au vu des changements sur la scène internationale et de la position unique dont jouit la Belgique pour accueillir des SSR, le moment serait opportun pour que le pays se rétablisse comme un pôle attractif pour les SSR. Des recommandations politiques abordant les inquiétudes du milieu international des affaires, telles que le marché du travail, l'impôt des sociétés ainsi que d'autres sujets connexes, seront présentées dans notre 2017 *Priorities for a Prosperous Belgium*, qui paraîtra en automne 2017.



AmCham Belgium thanks its 2017 Diamond Sponsors



We would also like to thank our 2017 Gold Sponsors

**3M • Alpha Card • Brussels Invest & Export Agency • Cisco  
Donaldson • ExxonMobil • EY • Flanders Investment & Trade  
Isabel Group • KPMG • Management Centre Europe • MasterCard  
Pfizer • Port of Antwerp • Wallonia Export and Investment Agency**



**AMCHAM BELGIUM**

AMERICAN CHAMBER OF COMMERCE IN BELGIUM

rue du Trône 60/6 Troonstraat – 1050 Brussels  
Tel. +32 (0)2 513 67 70 | Fax +32(0)2 513 35 90  
info@amcham.be | www.amcham.be

**Connect with us on:**

 @AmChamBE

 facebook.com/AmChamBelgium

 linkedin.com/company/amcham-belgium

Responsible publisher: Marcel Claes