



Flanders Investment & Trade
Vlaams Agentschap voor Internationaal Ondernemen

Flanders and Turkey as business partners

Raphael Pauwels , Trade & Investment Commissioner

Istanbul, 28 January 2010

Flanders ?



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Flanders... on your sports fields

DCM :

grass seeds, sods,
fertilizer, & knowhow
for sports fields
of Galatasaray
and Fenerbahçe



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Flanders... in your stadiums



Barco :

Giant video screen in
Fenerbahçe stadium



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Flanders... in your buildings & malls

Reynaers :

aluminum and glass façade
of the Kanyon project in Istanbul



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Flanders... in your mosques & houses



Egepen /
Deceuninck

Window profiles
and systems



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Flanders... on the Bosphorus

Euronav :

One of the world's
leading independent
crude oil tanker
companies



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Flanders... in your tyres



Bekaert :

Steel cord for tyres,
plant in Izmit
(ex BekSA)



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Flanders... in your mouth

Jules Destrooper :

Finest biscuits
and chocolates



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Flanders... in your bed

?



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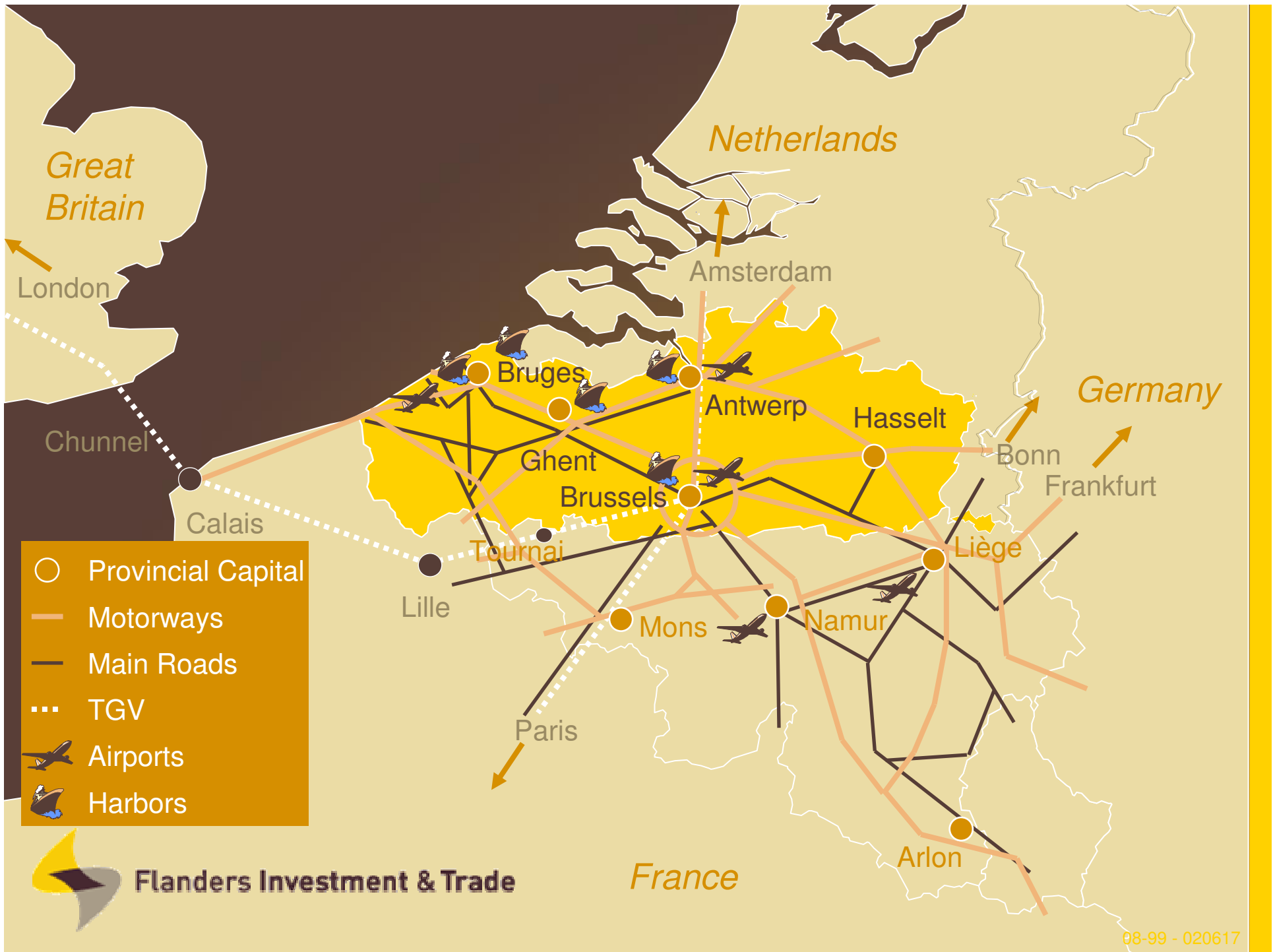
Flanders... in your bed

Bekaert Textiles :

Supplier of fabrics
for mattresses and
bedcovers to
major Turkish
Producers.
Plant in Çorlu.



Flanders Investment & Trade



Flanders...

- The northern region of Belgium
- With a population of > 6 million people (on a Belgian total of 10,5 million)
- With 57% of Belgium's total added value
- With 80,1% of total Belgian exports



Trade between Belgium and Turkey

IMPORTS (excl. "quasi transit")	Value (million EUR)			Share in % 2008
	2006	2007	2008	
From Turkey				
Flanders	1.327,6	1.580,4	1.688,4	92,85%
Wallonia	54,7	67,1	68,3	3,76%
Brussels	45,6	61,2	61,7	3,40%
TOTAL BELGIUM	1.427,9	1.708,7	1.818,4	100%



Trade between Belgium and Turkey

EXPORTS (excl. "quasi-transit")	Value (milllion EUR)			Share in % 2008
	2006	2007	2008	
To Turkey				
Flanders	2.133,9	2.306,8	2.427,9	84,94%
Wallonia	366,7	363,2	354,9	12,42%
Brussels	14,7	19,1	75,7	2,65%
TOTAL BELGIUM	2.515,3	2.689,2	2.858,5	100%



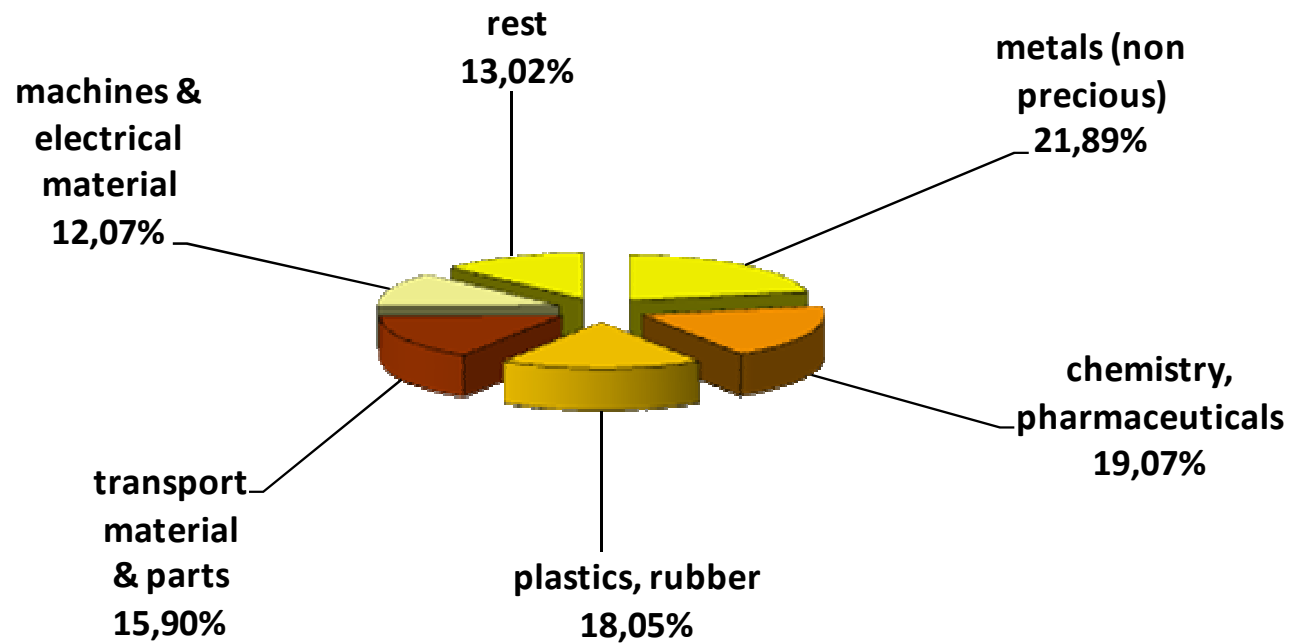
Exports (Flanders -> Turkey)

- 2008 : € 2,43 bn (excl. Quasi-transit) +5,25%
» 1,21% of total Flemish exports
- Exports more than doubled since 2002 :
+107,03%
- Turkey = 14th export destination of Flanders
1H09 : 906 mln € (-35%)



Exports to Turkey : main sectors

(2008, in % of total)



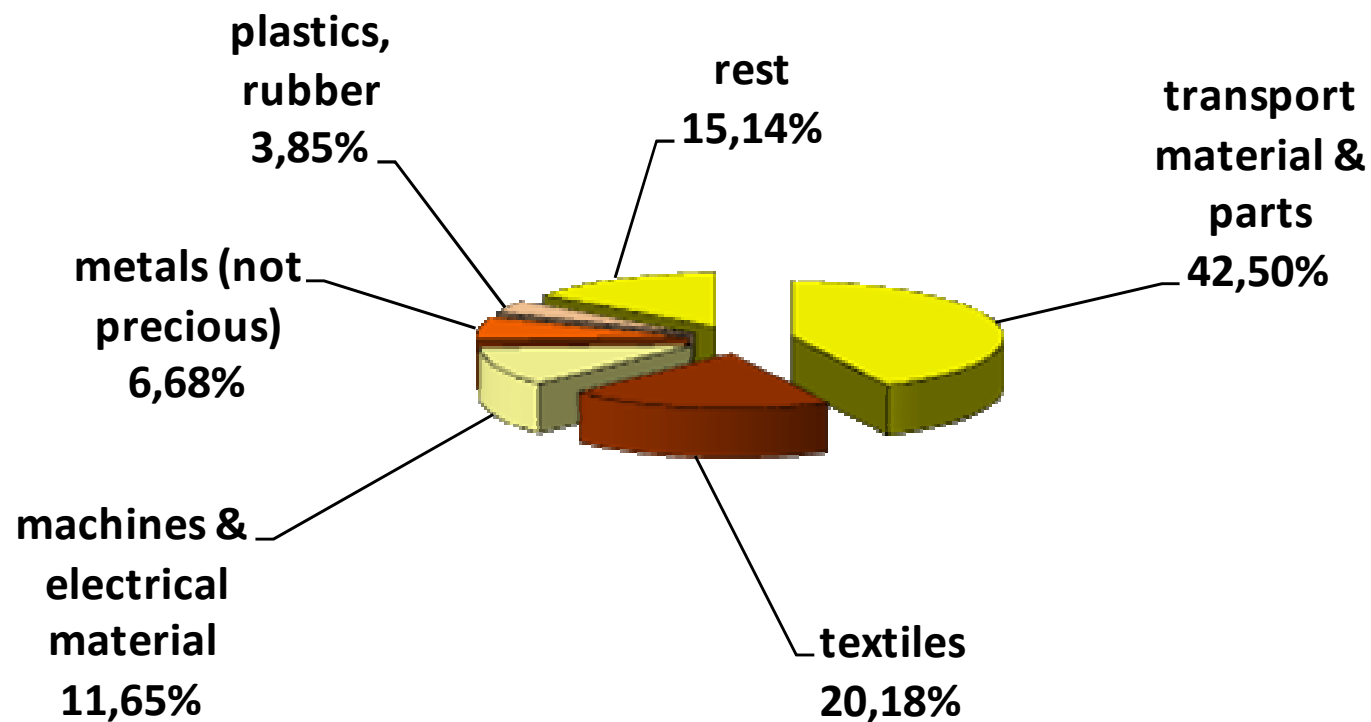
Imports (Turkey -> Flanders)

- 2008 : € 1,69 bn (excl. transit) +6,83%
» 0,77% of total imports in Flanders
- Imports tripled since 2002
- Turkey = 17st supplier of Flanders
1H09 : 780 mln € (-3,5%)



Imports from Turkey : main sectors

(2008, in % of total)



Flanders : Your Gateway to Europe

Reasons to choose for Flanders/Belgium:

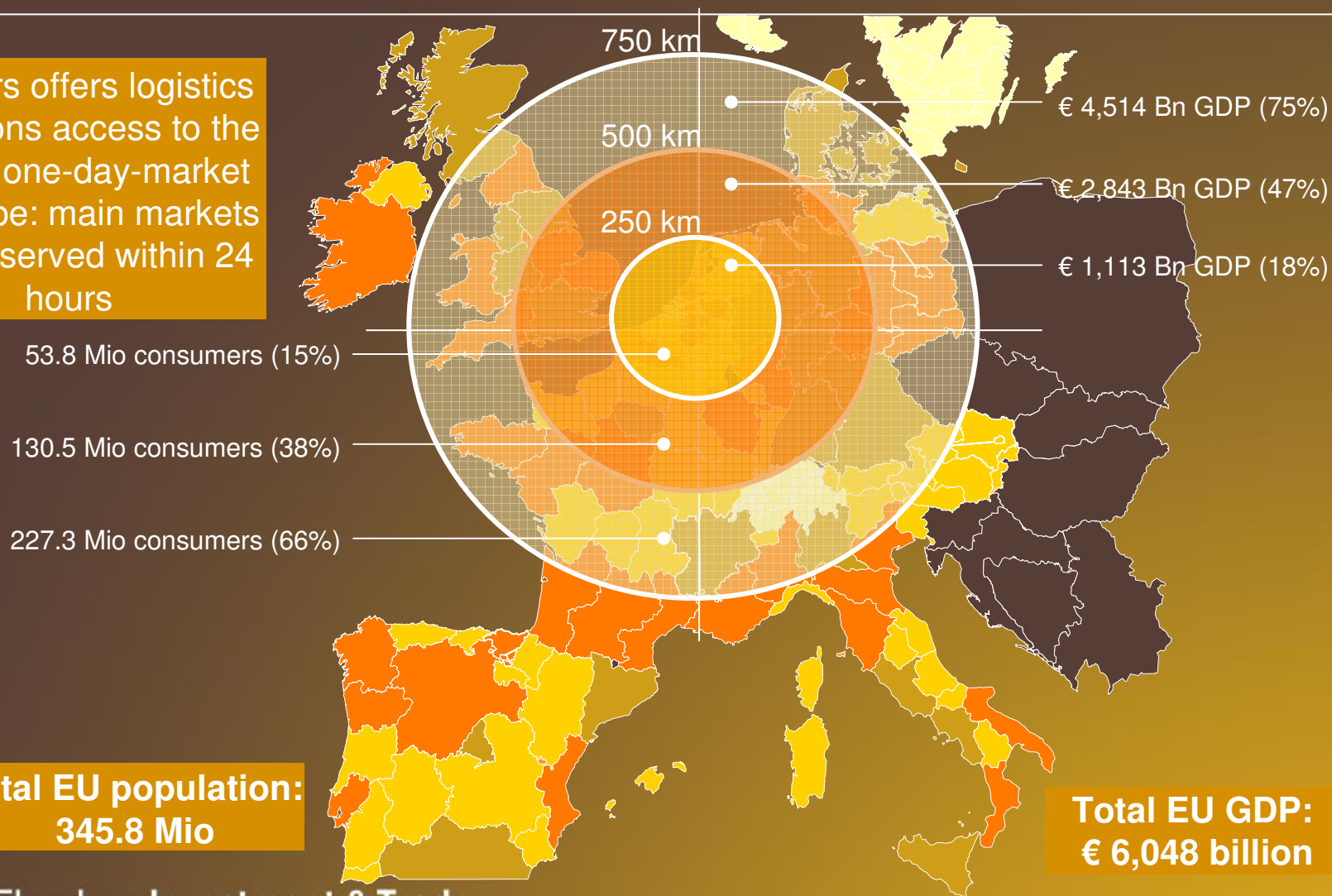
1. Strategic Location in Europe
2. Excellent infrastructure & connectivity : market access
3. Easiness to set up a company & do business
4. Taxation : very competitive, with 'Notional Interest Deduction' and flexible ruling practice
5. World class scientific clusters and research institutes like IMEC (nanotechnology) and FlandersBio (life sciences)
6. Generous tailored incentives
7. Multilingual, highly educated, productive & loyal labour force
8. Flexible customs regulations
9. High Quality of Life



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1. Strategic location at the heart of Europe

Flanders offers logistics operations access to the largest one-day-market in Europe: main markets can be served within 24 hours



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Source: PricewaterhouseCoopers,
Logistic companies in Flanders, Final report - Appendix 9

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2. Access gates and infrastructures

- **4 ports**

- Antwerp
- Ghent
- Zeebrugge
- Ostend



- **3 airports : Zaventem (Brussels), Antwerp and Ostend.**

- **Many logistics and multi-modal platforms:**

- Waterways, Short-sea Shipping;
- Road and rail transport;



Distances from ports to the European hinterland

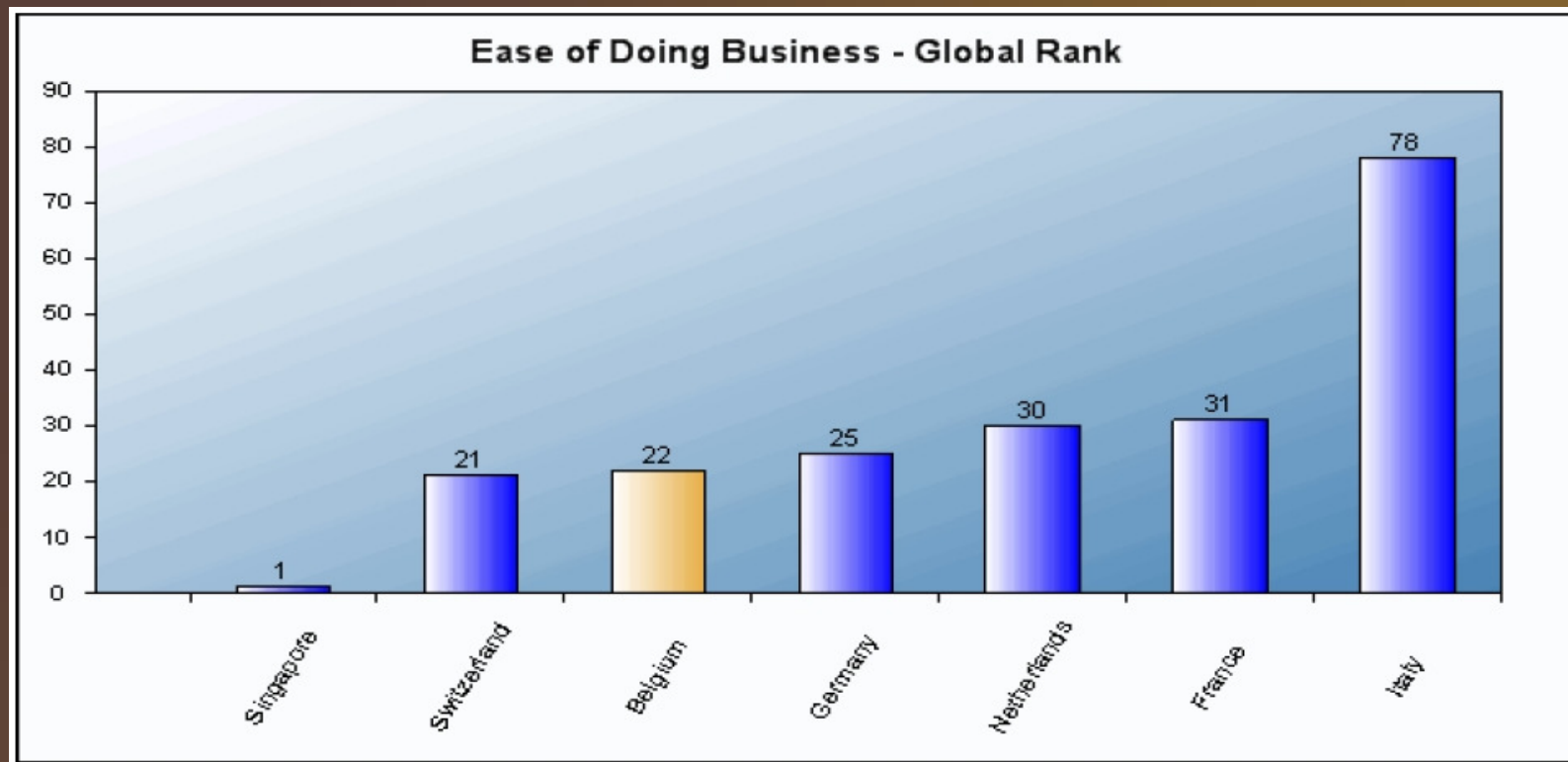
	to	ANTWERP	HAMBURG	LE HAVRE	ROTTERDAM
(D)	Duisburg	179	378	615	223
	Cologne	222	413	576	282
	Ludwigshafen	424	570	729	502
	Frankfurt	413	489	771	475
	Munich	780	769	1008	842
(F)	Valenciennes	168	687	297	274
	Lille	132	670	286	248
	Paris	362	902	196	455
	Strasbourg	491	701	683	593
	Lyon	785	1125	656	887
(NL)	Venlo	151	409	544	191
	Geleen	128	468	501	212
	Amsterdam	160	468	604	77
(CH)	Bâle	623	811	693	725
(IT)	Milan	956	1102	1038	1059
(A)	Vienne-Innsbruck	873	932	1100	935



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3. Ease of doing business

Better than Germany, Netherlands, France,...



Source : IFC / World Bank Group, « Doing Business » 2010 report



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Ranking of countries favourable to set up a European distribution centre

	2008	2006	2004	2002
BELGIUM	1	1	1	1
THE NETHERLANDS	2	3	4	2
HUNGARY	3	7	9	9
THE CZECH REPUBLIC	4	4	5	5
POLAND	5	5	6	7
FRANCE	6	2	2	4
AUSTRIA	7	9	7	8
GERMANY	8	6	3	3
SLOVAKIA	9	-	-	-
ITALY	10	8	8	6
UK	11	10	10	10
DENMARK	12	-	-	-
ROUMANIA	13	-	-	-

Source: Cushman & Wakefield, 2008



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Top Most Attractive for FDI (Europe)

RANK CITY/REGION

- 1 London (UK)
- 2 **Flanders (Belgium)**
- 3 Paris (France)
- 4 Leipzig (Germany)
- 5 Wallonia (Belgium)
- 6 Tallinn (Estonia)
- 7 Cardiff (UK)
- 8 Bristol (UK)
- 9 Berlin (Germany)
- 10 Scotland (UK)
- 11 Ostersund (Sweden)

RANK CITY/REGION

- 12 Valencia Region (Spain)
- 13 Dundee (UK)
- 14 Luxembourg (Luxembourg)
- 15 Waterford City (Ireland)
- 16 Miskolc (Hungary)
- 17 Copenhagen (Denmark)
- 18 Indjija (Serbia)
- 19 Razgrad (Bulgaria)
- 20 Northern Ireland (UK)
- 21 Amsterdam (Netherlands)
- 22 Warsaw (Poland)



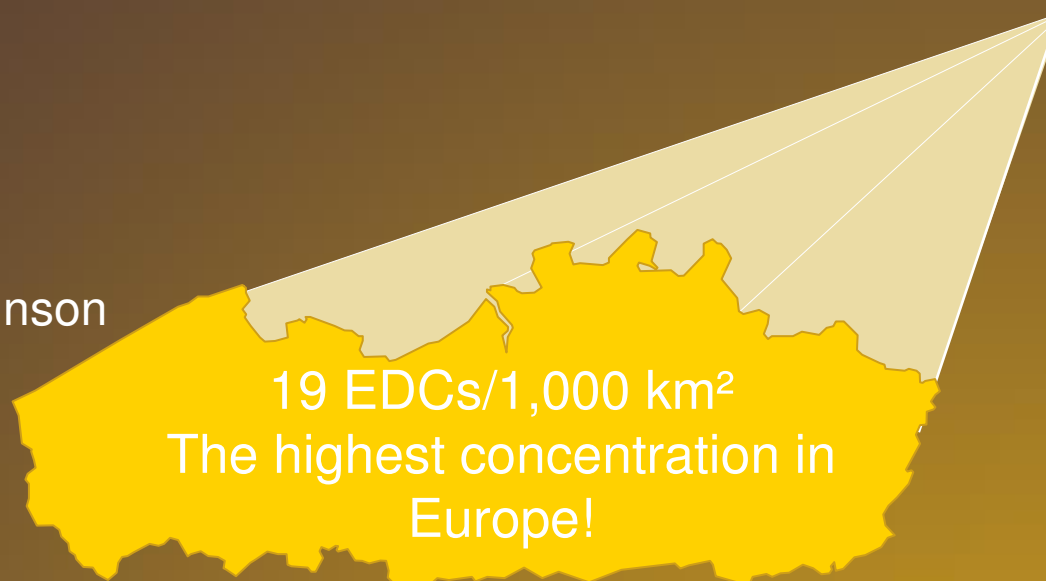
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Source : *fDi Magazine, 2008*

Highest concentration of distribution centers

Multinational companies know the advantages of serving Europe from Flanders - there are more than 300 EDCs in the region

- Nike
- Procter & Gamble
- Samsonite
- Black & Decker
- Duracell
- SKF
- Sara Lee
- Bose
- Toyota
- Honda
- Mazda
- Becton Dickinson
- Volvo
- Scania
- Pfizer
- Pioneer ...



With the highest concentration of pan-European distribution centers Flanders has a proven track record



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Source: PricewaterhouseCoopers,
Logistic companies in Flanders, Final report - Appendix 9

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4. A hidden gem : Notional Interest Deduction

- Allows companies to reduce their taxable base by a deemed interest cost on the adjusted equity capital
- Applies to all companies and branches established in Belgium
- **Immediate** deduction on the tax declaration
- In case of insufficient taxable basis, NID deduction may be carried forward for 7 years



NOTIONAL INTEREST DEDUCTION

EXAMPLE 1:

P & L account	Assets	Liabilities
	Group Financing 10.000	Share capital 10.000
	Before notional interest deduction	With notional interest deduction
Profit before tax	500	500
Notional interest deduction (4.473 %)	/	- 447.30
Taxable	500	52.70
Corporate tax (33.99 %)	169.95	17.91
Effective tax rate	33.99 %	3.58 %



NOTIONAL INTEREST DEDUCTION

EXAMPLE 2:

P & L account	Before notional interest deduction	With notional interest deduction
Profit before tax	10 €	10 €
Notional interest deduction (4.307 %)	/	4,307 €
Taxable	10 €	5,693 €
Corporate tax (33.99 %)	3.399 €	1,93 €
Effective tax rate	33.99 %	19,3 %



Flexible ruling practice

- Ruling on almost all tax-related topics (corporate tax, VAT, customs, etc.)
- Case by case ruling in a new open culture
- Upfront legal certainty for investors
- In accordance with international rules (double tax treaties)
- Open to potential AND existing investors
- Legally binding for a 5 year renewable period
- Economic "substance" in Belgium required
- **Very interesting for European Distribution Center, procurement companies,...**



Generous Tailored Incentives

- **Competitive package**
 - Cash grant, employment and training-related incentives,
 - Tax deductions, leasing schemes,...
 - Accelerated depreciation...
- **Special tax systems : fiscal rulings, notional interest deduction (See presentation on key tax benefits)**
- **A unique non-resident expatriate taxation system**



Events

- June 2010 :
FIT : multi-sector mission to Turkey
- September / October 2010 :
Infrastructure and environment technologies
mission to Turkey



Website & Contact

- www.flandersinvestmentandtrade.com
 - Sourcing guides & database of Flemish suppliers (for foreign companies)
 - Information on investing in Flanders, setting up a company, etc. (for foreign companies)
 - News, reports, seminars, newsletter...
- Raphael Pauwels, Trade & Investment Commissioner
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