



THE GOVERNMENT'S PRIORITIES

In 2004 the Wallonia Government embarked upon a policy that set the Region on course for growth and development. Economic priorities were defined: capitalize on key sectors in order to become a European leader; encourage scientific research and collaboration between research units and training and business centers, increase assistance for the establishment of companies and reduce the tax burden on companies – not forgetting increased effort on youth training and language education. The resources dedicated to these priorities – almost €1.5 billion – are also exceptional.

The scale of the challenges faced by the Wallonia Region forced it to make major choices, in order to concentrate exceptional resources on initiatives that impose a structure and are thus the most effective.

These initiatives are based on the concept of sustainable development applied to the decision-making process as set out at the Lisbon Summit. They therefore relate to:

- **the creation of 5 focal points of competitiveness** that can provide budgetary resources for the implementation of industrial projects. Training, R & D, investment, internationalization etc.: nothing is left to

chance in the process of achieving critical mass and the level of competitiveness that is demanded by the global markets

- **stimulating the creation of activities**, particularly by encouraging the spirit of enterprise: coordinating and improving economic-development bodies, modifying certain regulations that are sometimes too restrictive for companies, strengthening support for exports, investing in renewal and equipping areas intended for economic activity
- **easing the tax burden on companies**, reducing or removing certain direct or indirect taxes at various authority levels – and in particular creating duty-free zones in which this reduction in the tax burden can be even more effective
- **increasing assistance for research and innovation**, in particular promoting and funding research related to economic development and exploiting research to create spin-offs and spin-outs
- **increasing skills for employment**: the efforts put into training will alleviate the shortage of workers in some fields and increase foreign-language skills.

GOOD TO KNOW

Having defined its strategy, joined forces with the vital elements of the Wallonia Region and taken emergency measures, the Wallonia Government is now preparing to face the challenge of recovery.

This involves difficult political choices that affect the whole of Wallonia society. The objective is to create a context favorable to both existing companies and prospective new ones.

The Government intends to coordinate this campaign with other levels of authority – including the Federal State, which has control of a number of mechanisms to intensify the impact of regional policies.

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The priorities for the future of the Wallonia Region in five major areas

The establishment of five major focal points of competitiveness is the most visible aspect of this priority plan, and probably the most important. Five areas have been defined in which the Wallonia Region already has major potential, and in which it intends to excel on a European or even global scale. These five focal points are: the life sciences (biology, pharmaceuticals, health), food processing, mechanical engineering, transport and logistics, aerospace. Each of them brings together a combination of companies, training centers and research units – both private and public – that work together on joint innovative projects, which will allow them to achieve a real critical mass at both national and international level.

With more than €280 million over four years for development of the infrastructure and technical facilities, training, R&D, exports and the search for foreign investment, these focal points of competitiveness will provide large enterprises in the Wallonia Region with a more reliable network of SMEs to do business with – while doing business with large enterprises will give those SMEs access to new markets and possible new activities.

Stimulation of Economic Activity: this has the largest budget, almost €900 million. Among its important measures, all directed towards the same objective, we might particularly highlight the following:

- tax exemption for investment and research subsidies
- stronger support for exports (particularly by SMEs)
- cleaning up brownfield sites, thus creating an attractive environment for companies
- developing zones to accommodate particular economic activities
- establishing an Economic Stimulation Agency to rationalize, coordinate and standardize economic stimulation in the Wallonia Region. This will become a true one-stop shop for companies.

Easing the tax burden encourages the creation and development of companies and jobs. Certain “anti-economic” taxes have therefore been abolished or reduced to create an attractive environment for entrepreneurs. Prominent examples include:

- exemption from regional property tax on investment in tools and equipment
- the phased removal of the tax on vehicle engine sizes
- the removal of navigation dues.

Moreover, a system of duty-free zones has been implemented. These involve:

- the creation of “intermediary workshops” for companies in formation
- increases in certain types of assistance granted by the region, notably an automatic bonus of 3% of additional assistance for every investment agreed by every company in urban duty-free zones.

The objective of the fourth focal point is to **increase the utilization of research**, exploiting it to generate economic growth in a concrete and effective manner. A whole series of measures is planned to encourage research, in particular:

- increasing the number of FRIAs (Funds for Research in Industry and Agriculture), with 120 additional researchers
- programs to convert research findings into industrial applications
- strengthening spin-off and spin-out policy by assisting with business projects and encouraging risk capital
- establishing the Technological Stimulation Agency to facilitate closer contact between research and industry (SMEs in particular).

The fifth focal point of this plan is dedicated to **employment and training**. It has three global objectives:

- alleviating labor shortages in fields where they exist
- strengthening language skills
- improving the quality of qualifying vocational education.

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