

“Report on the sector of car components in the European Union”

Belgium

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1.- General information of the country and economy. Belgium

Geography

Area: 32,547 square kilometers (12,566 sq. mi.).

Cities: Capital--Brussels Capital Region (pop. 992,041). Other cities--Antwerp (452,474); Ghent (228,016); Charleroi (200,460); Liège (184,303); Bruges (116,811); and Namur (105,705).

People

Population (2003): 10,355,844; urban--69%.

Annual population growth rate: 0.4%.

Density: 861 per sq. mi. Linguistic regions--Dutch-speaking 58%;

French-speaking 32%; legally bilingual (Brussels) 9.3%; German-speaking 0.7%.

Religions: Predominantly Roman Catholic (although less than 20% practicing); Catholic, Protestant, Jewish, Islamic, Anglican, Greek and Russian Orthodox recognized, as well as secularism.

Languages: Dutch, French, German.

Education: Literacy--98%.

Government

Type: Parliamentary democracy under a constitutional monarch.

Independence: 1830.

Constitution: 1994 (revised).

Branches: Executive--King (head of state), Prime Minister (head of government), Cabinet.

Legislative--bicameral parliament (Senate and Chamber of Representatives). Flemish

Parliament with the Flemish Government for regional, educational, and cultural affairs; Walloon

Regional Council (legislator) and government for Walloon Regional Affairs; Francophone

Community Council and government for Francophone cultural and educational affairs; Brussels

Regional Council and government for Brussels regional affairs; and German language

Community Council and government for cultural and educational affairs.

Major political parties: Christian Democratic, Green (ecologist), Liberal (conservative philosophy in American terminology), Socialist, Vlaams Blok.

Suffrage: Over 18, compulsory.

Political subdivisions: Ten provinces, three regions, three communities, 589 municipalities.

Economy

GDP (2002): \$227.4 billion.

Annual real growth rate (2002): 1.1%.

Per capita income (2002): \$21,865.

Natural resources: Coal.

Agriculture: (1.4% of GDP) Products--livestock, including dairy cattle, grain, sugarbeets, nursery products, flax, tobacco, potatoes, and other fruits and vegetables.

Industry: (24% of GDP) Types--machinery, iron, coal, textiles, chemicals, glass, pharmaceuticals, manufactured goods.

Trade (2001): Exports--\$160.3 billion: Iron and steel, coal, transportation equipment, tractors, diamonds, petroleum products. Imports--\$154 billion: Fuels, chemical products, grains, foodstuffs. Trading partners--EU 74%; United States 6%.

2.- Overview of the automotive industry in Belgium.

Historically the automotive industry has always been at the heart of the Belgian economy. Belgium owes its international reputation as an automotive country to the presence of an important assembly and supply industry cumulating to a total added value of € 1.9 billion (Source NBB). Four renowned car makers have major production and assembly units here: Ford in Genk, Opel in Antwerp, Volvo Cars in Ghent and Volkswagen in Brussels. Their 23,757 direct employees yield an average annual output of 883,548 vehicles (2003 figures), worth a total of around € 10,6 billion. As a result, Belgium is still one of the world leaders in terms of per capita production. More than 96% of output is for export, further emphasizing the international character of this industry. The parent companies have all confirmed their confidence in Belgium by means of ongoing and sustained capital expenditure programs aiming at extra capacity (Volvo Ghent; +80% as of mid 2004) or additional platform flexibility (Ford and Opel).

More than 300 automotive suppliers in Belgium employ 70,000 people in the sector. These companies are active across a full range of services including production, logistics, engineering, R&D, ICT, services, etc. for a total added value worth € 3.3 billion (Source NBB). Their ability to adapt rapidly to new supply rules has put Belgian suppliers among the world leaders.

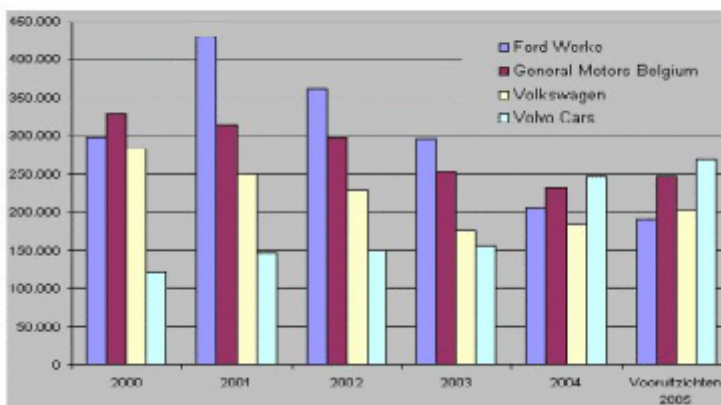
Belgium also has a worldwide reputation for its production of trucks, buses and trailers. Names like Van Hool, Volvo Europa Truck, Stokota, Atcomex and Jonckheere Bus and Coach are just some of the first-rate players on the international automotive scene. Over 10,000 workers in the sector help generate an annual turnover of € 2.7 billion.

The map entitled "Belgian Automotive Suppliers: 8,500,000 vehicles within reach" shows the region's almost unique customer potential for supply companies operating in Belgium. Skilled staff turn out high-quality products that are delivered far and wide beyond Belgium's borders.

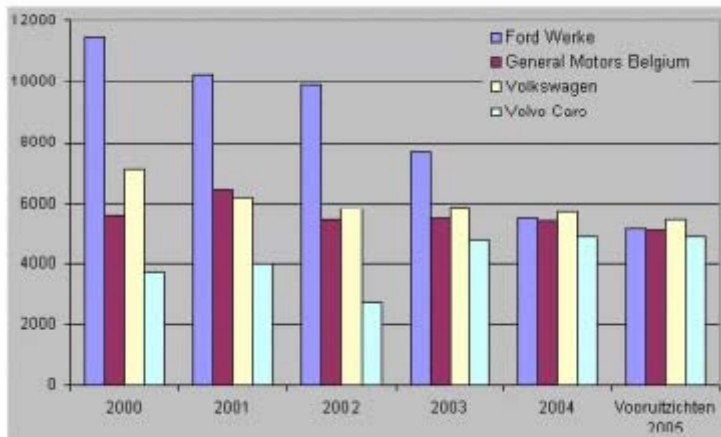


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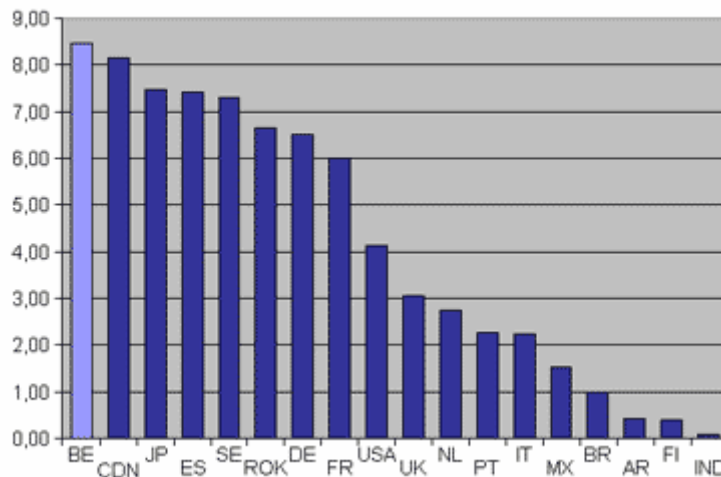
a) Production / Assembly of passenger cars and light commercial vehicles



b) Employment at the four car manufacturers



c) Total production per 100 inhabitants



Associations:

FEBIAC - the Belgian federation of the Car and Two-wheeler Industries

At national, European and global level, FEBIAC represents the interests of manufacturers and importers in all areas of road transport - cars, commercial vehicles, motorised two-wheelers and bicycles - and their suppliers in Belgium.

Agoria is a multisector federation representing companies active in 11 branches of industry: metals & materials, metal products, plastics, mechanical & mechatronical engineering, electrical engineering & electronics, ICT, automotive, aerospace, security & defence, industrial automation and contracting maintenance. Together, these sectors constitute the technological industry, and the federation provides collective and individual services for 1,300 member companies on a daily basis.

3.- Belgian Garage Equipment Market.

Belgium, has a population of ten million people driving 5.8 million cars. The total annual market for auto repair and maintenance equipment is worth USD 50 million and is supplied almost entirely by imports. The end user market includes more than 15,000 repair shops, The largest fraction of which are new-car dealers. The others are franchises, independent garages, tire specialty service stations, machine shops, etc.

Demand for repair equipment is mainly driven by the Belgian regulation requiring all automobiles, four years or older, to pass an annual technical inspection. Changes in the requirement for this impacts the market for replacement parts. All secondhand cars are required to pass this inspection before they can be resold. In the repair and service equipment market, the most promising items are air-conditioning maintenance equipment, electronic diagnostic devices, emission testing equipment, and testing equipment for technical inspection stations. There is also a growing market from the ages of 20 to 30 in customization, most of which is done by professional garages not the personal car owner. The car park in Belgium is predominately small cars with engine sizes under two liters, however recently there has been a growing market for SUVs, 4x4, and Mini-vans.

Garages rely on labor saving equipment because hourly wages for garage mechanics range from USD 15-20 depending on their qualifications. While most repair shops are interested in high end products price is still a concern.

Product/Service Analysis

Description

Garage equipment in Belgium fall into the following loose categories:

- Hand tools: wrenches (socket and combination), torque wrenches, pullers, taps
- Lift equipment: hydraulic and pneumatic lifts and floor jacks
- Body work equipment: welding tools, levers, ovens, spay cabins, sanding devices
- Suspension equipment: wheel balancing equipment, rotor lathes, wheel alignment tools, chassis straightening jigs
- Shop tools: creepers, portable lamps, toxic gas pumps, generators, spring compressors
- Compressed air tools: air compressors, chisels, impact wrenches, presses
- Measuring devices: brake meters, vacuum gauges, OBC diagnostics
- Lubrication: grease pumps, oil change devices
- Cleaning tools: brake cleaning devices, vacuum cleaners, hot tanks
- Specialized tools: air-conditioning maintenance tools, decking and boring machines

Belgium's garage equipment market is very sophisticated; the most recent equipment is used, including the latest technology. Product quality tends to be high-end with lifecycles on the longer side of the spectrum. Compressed air tools are readily used. The market for environmentally friendly equipment is growing.

Standards

Garage equipment sold in Belgium is almost exclusively metric. Gauges indicate grams, liters, Newtons meter, atmospheres, etc. Fittings and connectors are also metric. Some retailers specialized may carry standard-sized tools for hobbyists and a handful of niche market garages. Horsepower ratings are nearly equivalent to that of the United States. Electric tools sold in



Belgium must be 230 volts 50 Hertz. Electrical plugs and outlets in Belgium are the similar to those used in France but different from the ones used in The Netherlands, Italy, the UK, Germany as well as the United States.

The CE (European Conformity) mark must be stamped or labeled onto certain automotive products. The CE mark indicates that a product complies with European Union health and safety legislation. The products must be accompanied by a declaration of conformity, detailing the directive(s) to which the product complies. The EU directives deal with large families of products. The following directives (with reference between brackets) are the most likely to affect garage equipment: Low Voltage (73/23/EEC), Simple Pressure Vessels (87/404/EEC), Electromagnetic Compatibility (89/336/EEC), Machine Safety (98/37/EEC), Personal Protection Equipment (89/686/EEC), Non-automatic Weighing machines (90/384/EEC), Gas Appliances (90/396/EEC), Telecommunications Terminal Equipment (98/13/EEC), Lifts (95/16/EC), Refrigeration Appliances (96/57/EC), Pressure Equipment (97/23/EC), Radio and Telecommunications Terminal Equipment (99/5/EC).

Competitive Analysis

Domestic Production

There are only three small local Belgian manufacturers of automotive tools/repair equipment, two of which manufacture lifting equipment and the other manufactures tire-mounting equipment. Their combined output does not significantly affect statistics.

Third Country Imports/ exchanges.

Major imports comes from Germany (Deutsche Tecalomit, Maha, Nussbaum, Rothenberger, Sauer-Werkzeug); the United Kingdom (Crypton Motor Testers, Sykes-Pickavant); and France (Facom).

Sources:

Industry Sector Analysis. Garage Equipment in Belgium 2004. Department of Commerce. USA
Country Analysis Brief. Department of Commerce. USA
Agoria/ Febiac.