

# BELGIAN TRADE-ORIENTED INDUSTRIAL DEVELOPMENT MODEL AND ITS EXPERIENCES

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**Abstract:** China should abandon the Big Country and Big Company complex, promote trade and economic cooperation with the other small European countries and European middle or small enterprises. Belgian trade-oriented industrial development model----namely to support middle and small high-tech enterprises, government—NGO—financial institutions direct communication, to set up high efficiency economy, to support and prosper economy through foreign trade, to engage in economic adjustment in proper time, trade expansion accompanying technical innovation----can offer certain beneficial experiences to China's trade and economic cooperation with other middle and small European countries, to China's ongoing economy transformation, and also to construct an innovative strong China.

**Key words:** Belgian trade-oriented industrial development model, high-tech trade cooperation, strong trading China

## 1. DEFINITION OF THE BELGIAN TRADE-ORIENTED INDUSTRIAL DEVELOPMENT MODEL AND ITS INCLINATION

As one of the economic centers of the West Europe, over 95% Belgian enterprises are small companies, their products acquire high quality because of their long participation into fierce international competitions. Being short of capital & global network, they can mainly conduct business with neighboring EU members. Belgian government, non governmental organizations and financial institutions have been working jointly to set up their global network and act as intermediaries to promote its trade, esp. that of those small companies. In those global network worldwide, local hands good at both English & foreign trade are employed to gather the first hand market information.

Based on the above economic characteristics, Belgian trade-oriented industrial development model is put forward firstly by the author in her Ph.D dissertation in 2007. The characteristics of the new model are to support middle and small high-tech enterprises, government—NGO—financial institutions into direct communication to set up high efficiency economy, to support and to prosper economy through foreign trade, develop the third industry, to engage in economic adjustment in proper time, trade expansion accompanying technical innovation. This model can also be applied to those middle and small

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EU countries such as Luxemburg and Ireland, etc. According to the author's view, this new model can offer certain beneficial experiences to China's trade and economic cooperation with other middle and small European countries, to China's ongoing economy transformation, and also to construct an innovative strong China.

## **2. BRIEF ANALYSIS OF THE CURRENT SINO-BELGIAN BILATERAL TRADE DEVELOPMENT**

### **2.1 Flourishing Sino-Belgian trade cooperation**

Belgium is a small country of only 32,547 square km with a population about 10 million, yet its total import & export has been around world top ten since 1990, its import & export in 1991 was world No. 1. It is now China's 6th EU trading partner. Sino-Belgian trade was only USD 20 million in 1971, when China reestablished the normal diplomatic relationship with Belgium. In 2006, the bilateral trade has multiplied over 500 times to USD11.745 billion. The opening of Beijing—Shanghai—Brussels international airline in July 2007 has made Belgium one of the doors for China to enter Europe. Sino-Belgian trade is now at its best historical development stage.

Former Export Vlaanderen (Belgian Foreign trade promotion Bureau in Flanders area) has done quite well in promoting Flemish foreign trade, esp. in Sino-Flanders trade. Its over 40 representative offices in more than 30 countries has established an international network and governmental guarantee for small companies lacking their own international network to offer governmental support. EV has successfully organized two international exhibitions in China, one is Shanghai China Floor Fair for floor & its related decorations, the other one is Hong Kong Jewel Expo. Related small Belgian enterprises are invited to participate these exhibitions under governmental sponsor. Besides, government organizes big trade delegations to China for related companies from both sides to talk face to face.

### **2.2 Existing problems in the Sino-EU bilateral trade development**

Mr. Peter Christiaen in Belgian Consulate General in Shanghai proposes Chinese government follow their examples, he points out the main lacking of Chinese companies: "I feel Chinese companies are exporting in a passive way. In other words, foreign buyers come to source for products in China. The Chinese company makes the products and there it stops. It is the foreign buyer that actually develops the products, takes care of the sales, marketing and distribution. If Chinese companies could export in a more active way, look for customers themselves, develop products themselves, and market and distribute them, it would definitely give them much more added value and margins." Ms. Tonia Van de Vyver in Belgian Hong Kong consulate considers China's coastal and eastern markets more mature than those in middle and west China. Yet through my years' working experiences in EV Wuhan, I feel that many Chinese still lack basic knowledge to small EU countries like Belgium. It is me who has translated related Belgian industrial brochures for office use in middle and west China, because we fail to find any related existed referential.

Expanding eastward in 2004 into 25 countries, EU has ever since become China's biggest trading partner. China's total Import and Export ranks 3rd worldwide in 2004, 2005 and 2006, yet trading with European powers and European transnational companies holds a dominating proportion of the total Sino-EU bilateral trade. Germany, Holland, UK, France and Italy have occupied over 70% of the present total Sino-EU trade. Meanwhile, many smaller EU countries, such as Belgium, are trying to enlarge their trade with China.

### **3. EXPERIENCES OF BELGIAN TRADE-ORIENTED INDUSTRIAL DEVELOPMENT MODEL**

#### **3.1 Its experiences to Sino-EU trade**

There are altogether 45 countries in Europe, with its majority, esp. in EU, are small countries like Belgium, Luxemburg and Ireland. These countries are small in size yet quite strong, esp. in international trade. Their products acquire the same high quality & high-tech just as the several major European countries like UK, France and Germany. In fact there is no essential technological difference among products in European countries as many small European countries were once part of the big ones. Middle & small enterprises are their economic pillar. With small domestic markets, these countries rely on importing raw materials & processing them into finished or semi-finished products. They have a saying in world economy with their flagship products with high technology and equipment. The major present trading partners of these small countries are still their neighboring EU members.

In his *The World Economy: A Millennial Perspective*, Angus Maddison describes Belgium as the model of high efficient economy. "Thoroughfare of west Europe"---Belgium acquires high specification, clear property right as well as an efficient and healthy financial system. It encourages saving, thrift & diligence. Belgium can act as typical representative developed capitalist country for those small EU countries such as Netherlands & Luxemburg, etc. Belgian has been active in promoting EU policies. Its macro and micro economic regulations are becoming more and more consistent with that of EU. Research of Belgium is also to study EU economic systems.

World modernization is an international process from the very beginning. It begins with the starting of international trade. Europe has become world's most successful country as the result of foreign trade expansion accompanying high-tech innovation. China has been world No.3 import & export country for three years, yet it mainly relies on low labor costs & exporting quantity to support its foreign trade. It is still at low ranks in international transactions. China should abandon the Big Country and Big Company complex, promote trade and economic cooperation with the other small European countries like Belgium and European middle or small enterprises.

#### **3.2 Experiences of Belgian trade-oriented industrial development model to construct China's industrial development group**

China has been constructing resources saving, environment harmonious society which takes the realization of regional innovation, modern third industry, regional economic integration and governmental public services as its key objects. We should make full play of the current economic globalization and information revolution, turn our past "black development" into "green development", further our economic transformation, learn from the Belgian trade oriented industrial development model in order to construct an innovative strong China.

Firstly, we should insist on the regional integration development, develop full heartedly the modern third industry to construct resources saving, environment harmonious society. China should develop greatly the modern third industry, further promote its systematic structure, turn from the traditional third industry to the modern third industry in order to further the opening up of our third industry.

Secondly, government should turn completely into the role of market organizer, provide for middle and small enterprises with correct and accurate market information, promotes their export and solve their problems. We should also establish and make full play of the function of the non governmental organization, which is vital in the anti-dumping war. Banks and other financial organizations should play an active role as the intermediary. With more and more Chinese private enterprises going abroad for

further development, domestic banks and other financial organizations should set up related fund to finance them.

Last and most importantly, further perfect the regional public service, make full play of both the function of the government and the NGO to establish a high efficiency economy. Just as Professor Bryson in Brigham university has pointed out: "...at the diplomatic level, including the Chinese ambassador and his staff, one should have the language abilities, the national interestedness and an organization to begin with. These officials should be very active in visiting trade organizations in Switzerland, Belgium, etc. They should be the basis on which other organizational efforts are made. They could help establish relationships and open new offices to promote trade relations. Officials from these countries should be invited to China to witness the opportunities that are there for trade relationships to develop...There are probably a lot of techniques that can be developed to complement this diplomatic beginning to trade. Private citizens friendship group could organize people who are seeking venture capital, who have begun to develop language abilities for the relevant countries, and who are interested in being involved in establishing and strengthening commercial ties. Once the relationships are established, China needs to promote information encouraging potential partners to become aware of the opportunities. If the government is wise, it would probably promote not only official efforts but private ones as well. Private groups, clubs, and trade-interested commercial organizations should not only represents the Chinese government, but the peoples and cultures of China as well...I wish you well as you pursue them and would welcome strengthened European and Chinese ties, as both your country and the European Union are in a position to strengthen the world economy through expanding production and consumption."