

# British SMEs are Using Flanders to Turn Brexit into a Business Opportunity

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Tuesday, 18 January 2022

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Investment figures released by Flanders Investment & Trade today show that, after a challenging start to 2021, many British companies are now using Brexit as an opportunity to safeguard and expand their businesses on the European continent .

A year on from Brexit becoming a reality, Flanders' Minister-President Jan Jambon has today announced record investment figures from UK companies. Almost two-thirds of all British investments in Flanders and in the European continent, are linked to Brexit.

Flanders (the northern region of Belgium) has, over the last year, established itself as an important gateway to the European single market for UK businesses. Flanders Investment & Trade (the government body) report that Brexit was the deciding factor in crossing the Channel for no fewer than 30 of the 49 British companies that invested in the region in 2021. That is the highest number investments projects ever from the UK in a single year. The UK now takes second place in the list of top foreign investors in Flanders.

At the start of 2021, many British companies struggled with the new bureaucracies required by Brexit. One aspect most didn't expect was the different ways that EU countries, and even customs officers within those countries, would interpret the rules. This led to uncertainty in delivery times and duties that acted as a barrier to EU customers doing business with the UK. Many decided that the most effective way of managing this was to establish a base in the EU. Flanders was chosen for its transport links, geographical advantages, comparable tax rates, compact network and proficiency with English.

One example is CVP, one of the largest independent resellers of production equipment for the Media and Entertainment sector in Europe. Jon Fry, Managing Director of CVP explains: "At the start of 2021 our business with the EU almost completely stopped. Delivery times had increased fourfold, our customers were having to pay VAT and duty rates were uncertain. Brexit forced us to re-evaluate our EU business operations. We explored many options but decided that the best way of managing the challenges was to set up a base in Flanders. It subsequently presented us with an exciting opportunity and the potential to expand our business. Flanders Investment & Trade has been a huge help".

Since 2016, 95 foreign companies indicated that they decided to invest in Flanders to safeguard their business from the impact of Brexit. To date, these projects have generated 3,097 jobs in the region and represent a total investment value of EUR 2.21 billion.

Flanders' Minister-President Jan Jambon shared the announcement based on analyses by Flanders Investment & Trade (FIT), the region's government agency responsible for attracting and supporting foreign investors. Last year, international firms launched 295 new investment projects and announced the creation of 6,233 additional jobs in Flanders, both historically high figures. These record-setting results are respectively due to a sharp increase in the number of mergers & acquisitions and a hefty rise in the number of R&D jobs. In total, foreign companies channeled EUR 2.86 billion into their activities on Flanders' soil.

## 5 striking trends

The following five trends stand out for 2021:

1. The number of investment projects by American and British companies is increasingly dramatically. The US and the UK have moved up to first and second place respectively in the list of top foreign investors in Flanders.
2. North America is making a comeback and are responsible for just under a quarter of all foreign investments in Flanders.
3. Almost two-thirds of all British investments in Flanders are linked to Brexit.
4. 1 in 3 new foreign investment projects is part of a merger or acquisition.
5. The number of jobs related to Research & Development (R&D) has doubled. This activity accounts for 1 in 4 jobs created through foreign investment in Flanders.

2021 saw foreign companies mainly investing in Flanders-based sales and marketing activities (28.47% versus 30.36% in 2020), logistics (25.08% versus 20.54%), production (20% versus 23.66%) and R&D activities (20% versus 19.20%). This is not much changed from previous years.

Astrid Geeraerts, Head of Investment at Flanders Investment & Trade and based at the Belgian Embassy in London, commented: "In 2021 Brexit became a reality just as we were also struggling with the pandemic. This initially disrupted business on both sides of the channel significantly. However, we are already beginning to see the British entrepreneurial spirit shine through, where the obstacles are seen as a challenge they can convert to an opportunity. I'm proud to say that many of these businesses chose Flanders as their EU base in which to expand their businesses. Flanders continues to be seen as a top investment location around the world."

Jan Jambon (Minister-President of Flanders): "In 2021, the first year since Brexit took effect, Flanders immediately reaffirmed itself as a crucial gateway to the European market for UK-based businesses. Last year, nearly 2 out of 3 British investments in Flanders were Brexit-related. While we regret the UK's departure from the EU, it is evident that our region offers some decisive advantages for companies looking to mitigate the negative impact of Brexit. Think, for instance, of our accessible ports, our logistics network and our strategic location in the middle of Europe's main industrial and commercial centers. In addition, our innovative ecosystem for R&D has enormous appeal as well. Companies find in Flanders a versatile partner for international success, that much is certain."

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## Notes to Editors

Flanders Investment & Trade (FIT) is a Flanders government funded body that exists to help companies

invest and trade with Flanders.

Following Brexit, FIT recognises the challenges that British exporters are facing, particularly in food, life sciences and the circular economy.

FIT offers UK SME's support with logistics, distribution centres and legislation. This, together with the region's proximity to the UK, excellent language skills, tightly connected business network, highly productive workforce and low costs (20-30% cheaper than France) make it a sensible route into Europe.

SMEs who wish to access the service can do so through their London office.

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