Telenet to start up iDTV in september

Telenet will start offering interactive digital television (iDTV) in Flanders on 3 September. The digital service contains a basic package of 41 television channels and an extra range of digital theme channels. The interactive range will make it possible to send e-mails and watch programmes and films on request from a so-called ‘TV-theque’. For the time being only the estimated 1.6 million Flemish cable subscribers to the television distribution company Telenet Televisie (the former Mixt-ICS) will be eligible. The cable companies grouped together in Interkabel, which have 800,000 customers, are still in negotiations with Telenet on the iDTV package offer as well. According to CEO Duco Sickinge, Telenet deliberately chose 3 September for the launch so as to coincide with the start of the new television season.

Major competitor Belgacom, which is offering its digital package Belgacom TV over the ADSL network, will probably be starting in August (FF).

JAN DEBACKERE/LEO BONTEN S STANDAARD • 17 JUNE

With the announcement of its digital television service, Telenet has a march on its rival Belgacom. The latter will only be presenting its plans at the end of this month, but its range will be offered for sale earlier than that of Telenet. After all, the football competition begins at the beginning of August and Belgacom TV must be ready for that willy-nilly, at least if it keeps the football rights.

Telenet’s basic digital service consists of 41 television channels and 22 radio stations. Those who think that’s still not enough can subscribe to a series of extra theme channels. Canal+, which is being renamed Prime, is also in the digital range with ten channels. Customers who subscribe to everything will have a choice of 85 channels. To be able to watch, subscribers must buy or rent a set-top box. Telenet has called these decoders Digibox and Digicorder.

They cost EUR 199 and 299 respectively. Digicorders have a hard disc on which programmes can be recorded. The minimal range offered by VRT is conspicuous. All public radio and TV networks are in the basic package, but the VRT is not participating in the interactive range of services. Telenet has an agreement for this with the Flemish Media Company (VTM, Kanaaltwee) and SBS Belgium (VT4 and Vijftv). However, the spokeswoman of VRT managing director Tony Mary expects an agreement with Telenet fairly soon.

WWW.TELENET.BE

INTRODUCTION

It was the previous Verhofs tad I ‘purple-green’ government that already drew our attention to the problem of the ageing of the population in this country. From 2010-2012 onwards pension charges and health-care costs will increase markedly, because the old persons’ segment will then be growing more quickly, it warned. For that is when the post-war baby boom generation will be retiring. We still have something of a respite before 2010, for the generation currently retiring was born during the Second World War and is smaller in number. Under the impetus of Budget Minister Vande Lanotte (SPA), a savings fund-fed system of retirement was estab lished to counter that higher cost from 2010: the so-called Silver Fund. At the same time a Study Committee for the Ageing of the Population was created in order to register the rising cost of the social security system in the form of annual forecasts. This week this committee presented its fourth report. According to that report the social security system will be gobbling up 27.3% of Gross Domestic Product by 2030. Today it accounts for 23.7%. That growth of 3.6% or EUR 10.8 billion is largely attributable to a substantial rise in costs in health care and pensions (+5%), which is offset somewhat by reduced costs for family allowance and unemployment due to the smaller number of children and job seekers in 2030. However, the estimates are based on a number of hypotheses, which are anything but self-evident, warns De Standaard (16 June). For example, it assumes size able economic growth of 1.75% per year. It also assumes that the costs of health care will remain below the increase threshold of 2.8 to 3% per year, whilst the average increase in recent years has been 5%, forcing the committee every year to carry out an upward adjustment of its estimate of the ageing cost. Now, in 2005, health-care costs have already reached the level that the committee had predicted for the year 2010 in its first report. Final ly, the committee assumes a level of activity of 67.5% in 2030, whilst that figure is presently 60%. According to De Standaard, the report was published, not coincidentally, in the week that the debate on the career-end arrangements was start ing between the government and the social part ners. Prime Minister Verhofstadt is latching onto the report in order to show the social partners, who are discussing end-of-career arrangements in a working group, their responsibility. He advocates vigorous measures to encourage people to work longer and asked the committee to calculate the effect of the measures that will be announced. Budget Minister Vande Lanotte (SPA) also saw a ray of hope in the report. The sudden acceleration in the costs represented by the ageing of the pop ulation takes shape not around 2010-2012, but around 2014. That gives the country a little more time to reduce the public debt. For the fewer the debts, the easier it is for a country to cope with the ageing wave. By 2014 the Belgian public debt should have fallen to 50 to 60% of GDP. At the moment it is still at 95% and the government is still paying 4% of GDP on interest payments on the debt.

WWW.PLAN.BE

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Regions must unblock night flights dossier

There is no solution possible as long as the Flemish and Brussels Regions have not agreed on the noise standards over their territory

Scarceiy do we have the Brussels-Halle-Vilvoorde issue behind us than the subject of night flights over Zaventem crops up again. On 14 June the Brussels Court of Appeal decided that the Belgian Government must bring the noise pollution over Brussels to an end within three months. If it fails to do so, it risks a fine of EUR 25,000 per infraction.

According to Transport Minister Renaat Landuyt (SP.A) there is no solution possible as long as the Flemish and Brussels Regions have not agreed on the noise standards over their territory. Nonetheless the Federal Government has decided to go ahead with the process of having the flight distribution plan established in law. The advantage of such a law is that it can only be disputed by the Court of Arbitration and not by an ordinary court or the Council of State, although not all legal experts are in agreement on that (FF).

If all the judgements and decisions handed down by judges in recent months in relation to noise pollution over Zaventem were abided by, no more flights at all would be allowed to take off at night or at the weekend. Just one route remains open: that over Leuven, but that can only be used for landing.

The federal government doesn’t know which way to turn. At yesterday morning’s meeting of the inner cabinet, it was decided that a Flights Act should be approved by Parliament as quickly as possible, before the summer holidays. ‘For the rest it’s up to the Regions,’ says Transport Minister Renaat Landuyt (SP.A). ‘They have to decide whether they still want an airport or not.’ What Landuyt means is that the Regions have to do something about their noise standards. These are currently too strict, with the result that aircraft have nowhere left to go to take off.

On Tuesday the Court of Appeal judged that the Brussels Region was in the right, ruling that the flight distribution plan was an infringement of the noise standards that Brussels had adopted in 1999. The Flemish Region is hoping for a ‘reasonable and fair distribution of the noise, irrespective of where the aircraft are flying’. In other words: the Brussels Region has to climb down. Flanders is prepared to bear a part of that burden, and Brussels is expected to do the same.

Whether that will indeed happen is doubtful. Yesterday evening Brussels Minister-President Charles Picqué reiterated that his region was not intending to relax those noise standards. Moreover, he regards the flight distribution plan that Landuyt wants to enshrine in a law as unsuitable.

In the meantime VOKA, the Flemish Business Network, warns of the problem being under-estimated: ‘Twenty thousand jobs are at stake. None of the regions should be allowed to create economic clefts with noise threshold walls. Without Zaventem, Brussels becomes a provincial town, inaccessible for international institutions’.

WWW.MINISTERLANDUYT.BE

Noise standards: Brussels Region must be prepared to talk

The Flemish Government continues to press for Brussels’ standards to be made less strict

A legal grounding for the federal distribution plan for flights over Zaventem is not a sound solution, as Transport Minister Renaat Landuyt concludes - going on to say that the only way out is a political agreement between the Brussels and Flemish Regions. And that should involve Brussels relaxing its stricter noise standards. However, Brussels Environment Minister Evelyne Huytebroeck (Ecolo) is not about to make concessions easily (FF).

The Flemish Government continues to press for Brussels’ standards to be made less strict. During question time in the Flemish Parliament on 15 June, the Flemish Environment Minister Kris Peeters (CD&V) again stressed the importance of ‘a fair and balanced distribution of the noise, irrespective of the regional boundaries’. ‘We note considerable reticence on the part of the Brussels government in applying practicable noise standards,’ he said.

The Brussels Environment Minister Evelyne Huytebroeck (Ecolo), seems far from willing to relax the noise standards. ‘The court of appeal’s judgement states clearly that they form a good balance between economic interests and people’s health,’ her spokesman was quoted as saying. ‘It is not the noise standards that we must adapt, but the flight distribution plan. The ball is not in our court.’

Dutch-speakers in the Brussels Government do not exclude a limited relaxation of the noise standards. ‘A situation with the majority of flights passing over Brussels should not be allowed, but things should also not be allowed to come to a point whereby the airport has to close. An agreement is needed and eventually everyone will have to make compromises,’ says Brussels Transport Minister Pascal Smet (sp.a). ‘Brussels really has no benefit at all in seeing the airport closed,’ echoed the Brussels Budget Minister Guy Vanhengel (VLD).
**Di Ruplo wants a Marshall plan for Wallonia**

*In the CD&V recovery plan for Wallonia there was also a transfer of powers to the federated states*

Wallonia needs a Marshall Plan to give its economy a fresh impetus, says PS chairman Elio Di Ruplo. Last weekend, in the French-language stock market paper L’Echo, he called on employers, trade unions, education workers and the federal government to assume their responsibility. Wallonia needs an investment-friendly climate, he feels. For the economic revival should come from businesses. He also lashed out at the unions, which had brought the Tec, the Walloon tram and bus company to a standstill for two weeks. That kind of action does not improve Wallonia’s image, he stressed. With his call Di Ruplo was answering a number of sharp analyses by Walloon economics professors Capron, Pestiau and Mignolet. According to their analysis, the Walloon Government is not sinking its money in productive sectors enough, returns on capital there are too low and the financial transfers from Flanders are lulling the Walloon region to sleep. In Het Laatste Nieuws (13 June) Di Ruplo explains that he does not expect any money from Flanders, but is only asking for a period without community problems, so that Wallonia can concentrate on recovery. The Flemish parties’ reaction to the call is mixed. VLD regards it as positive that Di Ruplo should speak out against new taxes. The SPA Employment Minister Freya Vanden Bossche thinks that the call bears witness to a change of mentality which puts the emphasis more on an active policy. The reaction of the opposition parties N-VA and CD&V is much more negative. They warn that more than anything no extra money should flow to Wallonia. They see the remedy in a transfer of competencies to the federated states. CD&V MP Hendrik Bogaert, who himself raised the idea of a recovery fund for Wallonia some time ago, stressed that in his plan such a recovery fund was only possible in combination with such a transfer of the competencies (FF).

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**Opinion**

**BART STURTEWAGEN • DE STANDAARD • 13 JUNE**

Elio Di Ruplo’s comments in a weekend interview in L’Echo make it clear to what extent the issue of the splitting of Brussels-Halle-Vilvoorde has thwarted the PS chairman’s strategy. His laborious efforts to foster understanding in Flanders for his view of Belgian society were completely negated by it. Recent polls show the degree to which he himself, largely erroneously, has become the Flemings’ favourite bête noire as a result.

It is unfortunate that he should have chosen to use the term Marshall Plan for his call for a general Walloon mobilisation for an economic relaunch. After all, this gives the impression that Wallonia is again holding out its hand for financial aid. From what he says about it, it is striking that he wants to make clear to his public that they should not expect their salvation to come from elsewhere - not from the federal government and not from Flanders. Walloons should roll up their shirt sleeves themselves, and should stop shooting themselves and their region in the foot. ‘We should make them love us’, he makes it clear to his voters. ‘Them’ refers to the investors that stay away if the social climate there does not improve.

Elio Di Ruplo deserves support - watchful support - from Flanders. The major thing he could be accused of thus far was that he omitted to tell the whole story to his fossilised grassroots supporters.

Now that he is showing that the times are changing as far as that point is concerned, there appears an interesting opportunity to raise the sterile squabbling that is crippling this country, to a higher, more promising level.

For the health of Flemish society it is of the greatest importance that we shed the age-old antagonistic image of an inert PS maintaining the transfers from north to south. This caricature poisons the political debate and pushes Flanders onto the path of a souring of attitudes.

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**Working forty years for early retirement?**

**FF EDITORIAL STAFF**

In the framework of the debate on career-end arrangements, Employment Minister Freya Vanden Bossche (SP.A) presented her memorandum ‘Ageing more actively’ to the social partners on 13 June.

The basic premise for the memo is the finding that only one in four people over 55 are still working in Belgium, and the text proposes measures aimed at encouraging workers to carry on working for longer. The minister also explains how she wants to encourage employers to keep older employees on their payrolls. The liveliest discussion will no doubt focus on the question of how long people should have to continue working. At the moment age thresholds determine when someone can stop working: at 65 for the normal pension, and at 58 for early retirement. The government does not want to touch the age thresholds, but is proposing adopting a working life of forty years as a criterion for entitlement to early retirement. The possibility of exceptions being made for ‘tough professions’ is being left open.

The trade unions are dismissing the proposal outright. According to the socialist trade union ABVV, the measure boils down to the de-facto abolition of early retirement. In the coming weeks, the social partners and the government will be negotiating on the issue in working groups in order to fine-tune the proposals. The major debate will not be held until September.
TAX POLICY AND BUDGET POLICY

Verhofstads wants VAT increase and reduction in charges on labour

LAST WEEK THE DEBATE ON CAREER-END ARRANGEMENTS STARTED. THE VERHOFSTADT GOVERNMENT HAS SUBMITTED A PACKAGE OF MEASURES TO EMPLOYERS AND EMPLOYEES. THE DEBATE SHOULD BE COMPLETED BY OCTOBER, FOR THE MEASURES WILL FORM PART OF A KIND OF OVERALL PLAN WHICH THE PRIME MINISTER WANTS TO PRESENT IN HIS POLICY STATEMENT ON 11 OCTOBER. THE PLAN IS DESIGNED TO CRANK UP THE ECONOMY AGAIN AND AMONG OTHER THINGS CONTAINS AN INFORMATION CAMPAIGN FOR FOREIGN INVESTORS. HE ALSO WANTS TO REDUCE TAXES ON SHIFT WORK AND FOR THIS HE IS EARMARKING EUR 200 MILLION. A BALANCED BUDGET IS A PERMANENT PART OF THE PROGRAMME AGAIN THIS YEAR, TOO. BUT THE IDEA THAT VERHOFSTADT PUT FORWARD IN DE MORGEN (13 JUNE) IS COMPLETELY NEW. THE PRIME MINISTER CAME UP WITH AN IDEA OF FINANCING THE SOCIAL SECURITY SYSTEM IN A DIFFERENT WAY. HE WANTS TO CUT THE EXCESSIVELY HIGH CHARGES ON LABOUR - A PERMANENT HANDICAP FOR BELGIAN COMPANIES - AND INSTEAD CHARGE MORE VAT ON CONSUMER GOODS, IN PARTICULAR GOODS FROM LOW-WAGE COUNTRIES. THIS SHOULD HELP GIVE COMPANIES MORE OXYGEN. HE GOT THE IDEA FROM THE LEADER OF VLD ALLIANCE PARTNER VIVANT, THE ENTREPRENEUR ROLAND DUCHATELET. A PERILOUS UNDERTAKING IN AN OPEN ECONOMY SUCH AS BELGIUM'S, WARNS DE TIJD (FF).

Opinion

STEFAAN HUYSENSRUYT • DE TIJD • 14 JUNE

As a good pupil of VLD alliance partner Vivant, Verhofstadt is proposing a shift from special taxes (levied for a specific purpose) to indirect taxation. The official line is that Verhofstadt advocates a shift from tax on work to a tax on consumption. In practice what is involved is a reduction in employers' social security contributions which is compensated by an increase in VAT on some products and services. Nobody will notice any difference stemming from the lower tax on work in their wage packet, but everyone will notice the higher VAT in their pockets. And therefore public opinion will 'perceive' the shift as a tax increase.

Belgium is a small country, which means that our margin for going on a razzle with VAT is very small. Belgians readily cross the border if there are purchases to be made at the lower rate of VAT applicable there. Furthermore, an indexing of salaries and wages results in the higher VAT being translated in no time into higher wages, as a result of which the original wage cost reduction is negated.

There is only one solution if we want to reduce labour costs: reduce social security expenditure. But things won't come to that under the 'purple' government, since that is a message that the Liberals are unable to sell to their Socialist coalition partner.

WWW.PREMIER.FGOV.BE

Small federal budget deficit is possible

THE BELGIAN ECONOMY IS EXPERIENCING A SLOWING OF GROWTH AND CONSUMERS ARE CRYING OFF, WARNS THE NATIONAL BANK. ACCORDING TO THE NB, THERE IS NOTHING FOR IT BUT TO SAVE ONE AND A HALF BILLION THIS YEAR AGAIN IN ORDER TO BALANCE THE BUDGET. IN OCTOBER BUDGET MINISTER JOHAN VANDE LANOTTE WILL BE LEAVING THE FEDERAL GOVERNMENT TO BECOME SPA CHAIRMAN. BUT IN SEPTEMBER THERE IS A VERY TOUCHY TASK AWAITING HIM: SEEING TO IT THAT THE BUDGETS FOR 2005 AND 2006 DO NOT GO OFF THE RAILS. WHAT HE HAS SUCCEEDED IN DOING EVERY YEAR SINCE 1999 COULD NOW BECOME EXTREMELY DIFFICULT. HOWEVER, VANDE LANOTTE REGARDS THE SENSE OF PANIC AS UNWARRANTED. EVEN A DEFICIT OF 0.5% (EUR 1.5 BILLION) IS NOT A DRAMA, HE SAYS. THE ONLY THING IS THAT KEEPING A BALANCED BUDGET IS IMPORTANT FOR CONSUMER CONFIDENCE (FF).

STEVEN SAMYN/BART DOBBELAERE • DE STANDAARD • 14 JUNE

‘Our figures are still coming in. In any case EUR 1.5 billion for 2005 seems to me to be very high. But even if that’s the case, it’s still not a question of ‘man overboard’,‘ the SPA deputy chairman pointed out. ‘Let’s imagine that the National Bank is right and the government does nothing. Then we’ll be talking about a budget deficit of EUR 1.5 billion or 0.5%. Anywhere in Europe a budget minister would receive a decoration if he were able to present figures like those’. ‘For consumer confidence it’s important to have a balanced budget. But I’m not falling into the trap of thinking that a deficit of 0.2 or 0.3% is a major drama. It only makes a difference psychologically. Everyone is also saying that we’ve had a balanced budget for six years. That’s not correct, since we’ve actually had a small surplus in the last six years. Has anyone said anything about that? No. And why not? Because 0.2 or 0.3% does not make a difference’. ACCORDING TO THE NATIONAL BANK THERE ARE FEW ONE-OFF REVENUE ITEMS LEFT FOR COLLECTION AND THERE IS A NEED FOR STRUCTURAL MEASURES. ‘THOSE STRUCTURAL MEASURES HAVE ALWAYS BEEN NEEDED AND HAVE ALWAYS BEEN TAKEN,’ REPLIES VANDE LANOTTE. ‘PEOPLE ALWAYS HINT AT THE SALE OF GOVERNMENT BUILDINGS. I ONCE CALCULATED IT. NOT ONCE HAVE WE NEEDED THE MONEY FROM THE SALE OF GOVERNMENT BUILDINGS TO ARRIVE AT A BALANCED BUDGET. 99.9% OF THE BUDGET IS REALISED WITHOUT THE SALE OF BUILDINGS’. HOWEVER, THE FUTURE SPA CHAIRMAN IS NOT ADVOCATING A SLACKENING OF THE BUDGETARY REINS. ‘FOR CONSUMER CONFIDENCE IT’S IMPORTANT TO HAVE A BALANCED BUDGET’.

WWW.JOHANVANDELANOTTE.BE
Beaulieu companies announce partial reunification

The merger may be the first step in the long-awaited consolidation of the carpet sector

Five members of the West Flanders De Clerck family - father Roger (Beaulieu Synthetic Materials), sons Luc (Berry Floor Group), Dominiek (Ter Lembeek International), Francis (Ideal Group) and son-in-law Stephan Colle (Beaulieu Kruishoutem) - each of whom is running an independent company originating from Roger De Clerck’s former Beaulieu empire, announced on 10 June that they would be setting up a new group of companies. The plans are aimed at a gradual reunification of the former Beaulieu group. Jan De Clerck’s Domo Group and Beaulieu of America will not be taking part in the regrouping. The merger also represents the first step in the long-awaited consolidation of the European carpet sector. Observers reckon that Europe can now only accommodate five large European carpet groups. According to De Tijd, two scenarios are on the table (FF).

GERDA ACKAERT • DE TIJD • 11 JUNE

In the first scenario Luc De Clerck would head up the hard floor covering department. This division would encompass not only the laminate currently produced by Berry [Luc De Clerck], but also the vinyl activities of Ter Lembeek. Francis De Clerck [Ideal] would gain control of the soft carpet activities of Berry, Ideal, Ter Lembeek and Beaulieu International (Stephan Colle). Son-in-law Colle would assume responsibility for the supervision of all yarn and fibre production, the largest department in the new group. Finally, Dominiek De Clerck would be given a role of co-ordination between the various entities. This last reshuffle, in particular, would be delicate since it would mean Dominiek De Clerck losing all operational activities. Noël Demeulenaere, Roger De Clerck’s right-hand man, is worried about the tax consequences of the move. As has been widely reported, various Beaulieu companies have tax claims hanging over their heads. Demeulenaere fears that with the legal rearrangement the claims of the various subsidiaries could be shifted onto the entire new group.

Plan B would be less sensitive. Under this Beaulieu Synthetic Materials would become the new core of the merger containing the activities in tufted and woven carpet and needle felt. The rest of the activities would be left untouched.

Irrespective of the outcome of the merger operation, the sector has greeted the consolidation initiative favourably. It is being said that the regrouping of the Beaulieu companies is a good thing for the carpet industry, since a few large players are needed to keep the Belgian carpet industry strong. The carpet sector has been contending with over-capacity for years, certainly in the market of tufted carpet. That is a production process for the manufacture chiefly of wall-to-wall carpeting. The over-capacity is the result of the stagnating demand, which has not only resulted in a price war, but also prevented the sector from billing on the high raw materials prices of the last two years to purchasers. Those purchasers have grouped together in recent years so that their strength holds sway in price negotiations.

www.beaulieu.be/www.berry.be

The economic importance of Flanders’ ports

After the construction sector, Flanders’ ports provide for the largest added value in the Belgian economy. With 64.4% of the added value in 2003, the port of Antwerp is by far the largest and on its own three times larger than that of the entire textile sector. The port of Ghent accounts for 25.6%, and Zeebrugge 6.1%. The figures come from the National Bank, which, as it does every year, has carried out a study on the economic importance of the seaports and the indirect effects of port activities on the Belgian economy. However, the National Bank does warn of distortion. The figures are based on the annual accounts of companies established in the ports. Some companies belong to a foreign group and do not lodge annual accounts, whilst others do supply added value but are located outside the dock areas (FF).

MARC DE ROO • DE TIJD • 13 JUNE

Flanders’ ports are an important engine for the Belgian economy. In 2003 the direct added value [the fee needed to pay for means of production] of the four ports of Ghent, Antwerp, Zeebrugge and Ostend rose by 3.6% to EUR 11.5 billion. Indirect added value amounted to EUR 10.5 billion.

The port of Antwerp accounts for 5.3% of the added value of the Belgian and 9.3% of the Flemish economy and for 3.6% of employment in the Belgian and 6.2% in the Flemish economy (direct and indirect). With EUR 7.4 billion, the direct added value of the port of Antwerp is three times as large as that of the textile sector and 3.8 times as large as that of the car assembly sector. With 63,178 direct jobs the port is 1.3 times larger than the Flemish textile sector and 2.2 times larger than the Belgian car sector.

Investments in the ports of Flanders amounted to almost EUR 2.5 billion in 2003. Direct employment amounted to 105,420 jobs, of which almost 30% were maritime jobs. Indirect employment amounted to 133,457 full-time equivalent posts. The four Flemish ports transhipped 204.2 million tons last year, up 4.8%.

www.serv.be/dispatcher

Added value of major industrial sectors in Belgium (In million Euro)

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</table>

www.serv.be/dispatcher
A second major player on the electricity market

The Belgian energy companies SPE and Luminus are working on a merger. SPE is the second largest electricity producer in Belgium behind Electrabel, and Luminus is the country’s second largest electricity supplier after Electrabel. The combination of the two companies means that there is a serious counterweight to Belgian market leader Electrabel for the first time. Together they would arrive at a market share of 19% on the Flemish market and 10% on the Belgian market. The British energy group Centrica and Gaz de France will together hold 51% of the merged group, with Belgian municipalities, insurance company Ethias and Dexia Bank accounting for the remaining shareholdings (FF).

Electrabel’s position comes under pressure on account of the merger. Electrabel has had a monopoly on the energy market in Belgium since living memory, which has meant that for years it has been able to set electricity prices at will. The European liberalisation of the energy market has admittedly gnawed away somewhat at Electrabel’s power position, but we have still been awaiting a genuine shake-up in the Belgian electricity market. This may be coming now, with the merger of SPE and Luminus. The merger of the two means that the map of Belgium’s energy sector is being substantially redrawn. Electrabel continues to be the largest operator by a long chalk, but for the first time it is seeing the emergence of a challenger of some stature.

However, for the other new suppliers, the Dutch company Nuon and Essent, the SPE-Luminus merger is an additional blow. In the past year both companies had prepared to get hitched with SPE. They have missed out on the coveted bride and must now compete against two major players instead of one. SPE-Luminus may turn into a strong player against Electrabel, but the question is whether it will also be a stable one. The merged group has the British energy group Centrica and the French company Gaz de France as shareholders. Municipalities, inter-municipal companies, Dexia Bank and Ethias, an insurance company, also have participating interests in the new SPE. That will not work easily. After all, too many experts make for a difficult boss.

www.luminus.be
www.spe.be

Colruyt vies with Carrefour for market leadership

According to Chris Opdebeeck of the market research firm Marketing Map, it seems that the Belgian supermarket chain Colruyt (Colruyt, Spar and Okay stores) is well on the way to catching up with market leader Carrefour. Last year Colruyt managed to increase its market share to 17.3%, whilst rivals Carrefour (Carrefour superstores, Super GB stores and independent GB stores) and Delhaize (Delhaize supermarkets, AD Delhaize stores, Proxy minimarts and Shop’n Go establishments) fell to 18.7 and 13.6% respectively. Colruyt’s sales growth is also impressive, totalling an average of 10% in recent years, whilst rival Carrefour only posted 0.1% growth in the first quarter. But it is chiefly in the field of profitability that Colruyt steals a march on the competition (FF).

What is particularly striking at Colruyt is the company’s extremely high profitability. With an operating margin - i.e., trading profit divided by turnover - of 9.2% in 2004, nigh-on twice the figure of two years ago, the group posts the best performance in Europe. The average operating margin of all shop brands in Belgium, both franchised and integrated stores, is 2.9%. It is precisely that high profitability and cost efficiency that make a price war in the near future largely improbable. Gino Van Ossel, professor at the Vlerick Management School: ‘What is a threat, though not a major one, is the trend towards smaller families. Colruyt mainly lives off a bunch of loyal customers who make purchases for large amounts. People who live on their own or are members of small families are not genuine Colruyt customers. They tend more to frequent the small supermarkets and local stores. With the small Okay format and the Spar franchise stores, Colruyt will be taking advantage of that trend’. Another problem with which Colruyt, along with the other large supermarket formats, is contending, is the difficulty involved in finding new locations. Price-cutters like Aldi, Lidl and the small formats, often run by self-employed operators, have a much easier job finding their smaller shop premises. According to Van Ossel and Opdebeeck, Aldi and Lidl, which together accounted for a market share of 15.6% in 2003, could carry on growing up to a market share of 20 to 25%.

www.colruyt.be
www.delhaize.be
www.carrefour.be

MARKET SHARES OF SUPERMARKET/SHOP CHAINS
Solvus makes room for USG People

The Dutch group United Services Group (USG) is making a takeover offer for the Flemish temporary employment agency Solvus. USG is offering EUR 23 per share, 44% above the average closing price of the last three months. The management of Solvus and its main shareholder Ackermans & Van Haaren support the offer, which amounts to EUR 585 million in total. The acquisition would make the USG-Solvus combination, with a joint turnover in 2004 of EUR 2.8 billion and 7,700 permanent employees, the fourth largest temporary employment group in Europe. USG already owns Unique Interim in Belgium. For Ackermans & Van Haaren the sale of the Solvus shares means a cash yield of EUR 240 million, or an increase in value on its own investment of EUR 130 million (FF).

Johan Rasking • De Standaard • 15 June

The Belgian company Solvus came into being in January 2002, when the Creyts’ group changed name. With a turnover of EUR 1.5 billion Solvus is the largest temporary employment group of Belgian origin. Along with Creyts’ Interim, Solvus is active with subsidiary companies such as Innovit, Beaver, Accea and Express Medical. In the nineteen nineties the company enjoyed spectacular, international growth, as a result of an intensive acquisition policy on the part of the then CEO, Michel Van Hemele. But a cyclical downturn meant that his successor Alain Dehaze had to carry through a tough reorganisation from 2003, involving some heavy pruning of personnel and operating costs. The measures have been successful, and after a cumulative loss of EUR 100 million over 2002 and 2003, Solvus recovered to make a small profit last year.

The new combination will have to play on its advantage of size ([110,000 temps every day]) in an extremely competitive temporary employment market, where the four main world players - Adecco, Manpower, Vedior and Randstad - call the shots. In the Benelux USG People is a strong number two, behind Randstad. The Netherlands accounts for 45% of the turnover portfolio, with Belgium representing 21.8%. In France Creyts is strong, whilst in Spain the company is number three on the market.

The two partners’ respective profiles complement each other. USG is strong in employee profiles in the market for SME services companies. Creyts’s does well with larger industrial clients. The brand names are thus being kept. The merger will enable annual internal cost savings to be made of EUR 30 million from 2007. This year USG is already setting aside EUR 25 million for a reorganisation of the IT, purchasing and marketing services. Yesterday it was unclear how many of the 7,700 staff members risked losing their jobs. The group would represent a joint turnover of EUR 2.8 billion. Last year there was a pro forma operational result (EBITDA) of EUR 96 million. www.solvus.be

Does Ghent give up fight for Music Forum?

The Ghent city council has as good as shelved hopes of the Music Forum being built, alderman Sas Van Rouveroij (VLD) admits

Gerard Mortier’s great dream of setting up a large-scale Music Forum in his home town of Ghent appears to have evaporated for good. The Ghent city council has as good as shelved hopes of the Music Forum being built, as conceded by Sas Van Rouveroij (VLD), Ghent’s alderman for culture, in an interview in De Morgen. Van Rouveroij fears that the Flemish Government will find the annual running costs of EUR 3.5 million too high. The office of Culture Minister Anciaux (Spit) wants to wait for the result of the negotiations on the long-term budget before it expresses a view on the Music Forum. But if the Flemish Government decides not to build the Music Forum, it will have to invest in a new library, in Van Rouveroij’s opinion. In this way he hopes to keep the EUR 25 million that the Flemish Authorities had set aside for the building of the Forum, in Ghent (FF).

Ward Daenen • De Morgen • 15 June

Officially Ghent is still going for the Music Forum. But pugnacity has in the meantime given way to resignation. After all, there are ‘signals’ coming for the Flemish Government that the Music Forum cannot be built. ‘The Flemish Government has been postponing a decision on the Forum for months now,’ says Van Rouveroij. ‘It doesn’t look good’. According to the alderman, it is not just the one-off building cost of EUR 25 million that will make the Flemish Government abandon an ‘arts centre for the 21st century’ [a further EUR 25 million for the construction would come from the city and the province]. It is with the annual opera-

tion and running costs of EUR 3.5 million that the shoe pinches. According to Van Rouveroij, the Flemish Community is not able or willing to cough up that sum of money. However, that’s not an end to the matter, as far as Van Rouveroij is concerned. ‘If the government is founder- ing over this admittedly very high operating cost, that is not an argument for not investing in Ghent. In that case, a new library should be built.

And why not on the Waalse Krook, where the Forum was planned to be? The big advantage is that this calls for much less in the way of extra costs for the Flemish Community’. This is the first time that the culture alderman has put forward the idea of a prestigious library as an alternative, in such a formal manner. The city library on the Wilsonplein is indeed bursting at the seams. In 1983 it had 24,000 readers, but this figure had gone up to 86,000 in 2004. The number of books for borrowing has quadrupled in this period to 2.7 million. The library is not just the most-visited cultural institution in the city (as many as 5,000 visitors a day), but also has a far higher number of registered readers than in
Antwerp, Leuven or Bruges (420 per 1,000 inhabitants). Van Rouweroyj feels that Ghent is also entitled to a contemporary architectural monument.

Diary

MUSIC, DANCE, THEATRE

- 21 June: Philippe Catherine/Brussels Jazz Orchestra, Concertgebouw, Bruges; info: www.concertgebouw.be
- 21 June: Styx, Ancienne Belgique, Brussels; info: www.abconcerts.be 02/548.24.24
- 24 and 25 June: Anne Theresa De Keersmaeker and Rosas, Brussels; info: www.flagey.be (0)2 641 10 10
- 24 June: Aster Aweke (Ethiopia), concert, Zuiderpershuis, Antwerp; info: www.zuiderpershuis.be
- 26 June: Chucho Valdes sextet, Jazz, Flagey, Brussels; info: www.flagey.be (02) 641 10 10
- 28 June: Devendra Banhart + Magnolia electric co, Ancienne Belgique, Brussels; info: www.abconcerts.be
- 29 June: Peter Cincotti (US), jazz, Flagey, Brussels; info: www.flagey.be (02) 641 10 10
- 29 June to 10 July: Il barbieri di Seviglia, opera by Rossini, directed by Guy Joosten, Flanders Operahouse, Antwerp; info: www.vlaamseopera.be
- 1 to 9 July: The Brussels European Film Festival, young European Film directors, Flagey, Brussels; info: www.flagey.be
- 2 July: Mauricio Valina, piano with Liszt, Schumann and Bach, Concertgebouw, Bruges, Summertime Festival; info: www.concertgebouw.be
- 6 July: Joe Lovano, Ancienne Belgique, Brussels; info: www.abconcerts.be
- 9 July: Aimee Mann, Ancienne Belgique, Brussels; info: www.abconcerts.be
- 9 July: Yvonne Cissé (soprano) with Haendel and Mozart, Concertgebouw, Bruges, Summertime Festival; info: www.concertgebouw.be
- 14 July: Mc Coy Tyner All Stars, opening concert of Blue Note Festival, Bijloke, Ghent; info: www.bijloke.be

EXPO

- From 5 February onwards: The memory of Congo, the colonial period, exhibition, Museum for Central Africa (Tervuren); info: www.museumdrguislain.be +32 (0)2 769 52 11
- Until 9 October: Congo: Nature and Culture, exhibition, KMMA, Tervuren, +32 (0)2 470 27 70 www.momu.be
- Until 31 December: Masterspieces from the Dutch treasure room, KMSK, Antwerp, info: www.kmsk.be
- Until 28 August: Renato Balesstro, fashion museum, Hasselt
- Until 2008: Art at the Frontline 1914-1918, Royal Army and Military History Museum, Brussels; info: 02 737 78 33 www.klm.mra.be
- Until 27 May: Bangkok, Bangkok, exhibition, De Markten, Brussels; info: www.kunstenfestivaldesarts.be
- Until 31 December: Art nouveau and Design 1830-1938, Royal Museum for Art and History, Cinquantenaire, Brussels; info: 02/741.72.12 11 www.kmk.bg
- Until 7 August: Between Skin and Orgasm, exhibition in the halls of the Belfry in Bruges; info: www.corpusbrugge05.be
- Until 4 September: Kinshasa, imaginary city, with texts by Filip De Boeck and photos by Marie-Francoise Plissart (golden lion at the Venice Biennale for Architecture), exhibition, Bozar, info: www.bozar.be
- Until 4 September: Retrospective of portraits by Hans Memling, Groeningemuseum, Bruges; info: www.brugge.be/musea
- Until 11 September: Ensor to Bosch, exhibition by Vlaamsekunstcollectie, an overview of the collections of the art museums of Bruges, Ghent and Antwerp; Bozar, Brussels; info: www.bozar.be

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