EC objections against training support to Ford Genk

Opinion

BART HAECK • DE TIJD • 10 NOVEMBER

There are reasons for suspicion. When the Ford management announced on 2 October 2003 that 3,000 of the 8,400 jobs in Genk would have to go, the news came as a real bombshell. The federal government was busy negotiating an Employment Agreement. Nine months before the elections, the Flemish Government under Bart Somers (VLD) did everything in its power to sweeten the pill. When the Ford management decided a month later to build three new models in Genk, it received EUR 25 million in expansion support from the Flemish Government in exchange – the maximum amount permitted by the EU – and the promise of training support.

To the amazement of many, that training support has not yet been paid. At the earliest this will happen in the autumn of 2006. However, the Flemish Government cannot be blamed for having promised much at the time. The fact that the European Commission is now instigating a comprehensive investigation shows that the Flemish Authorities did their best to interpret the EU rules as widely as possible. The Flemish car sector needs more than training support. Top of its wish list are lower wage costs, especially for shift work. This summer the federal government already partially acceded to that request. Wage costs remain the biggest handicap for the Flemish car industry. Bringing them down further, for the entire sector, will not come up against objections from the European Commission so quickly.

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Paris suburb violence unlikely in Flanders?

IN ANTWERP FOR EXAMPLE THE SOCIAL MIX WITH THE AUTOCHTHONOUS POPULATION IS MUCH GREATER, WITH THE RESULT THAT GhettoS HAVE NOT FORMED TO THE SAME EXTENT

W
hile French suburbs are ablaze and the violence has spread as far as the Belgian border (Lille and Roubaix), things are still relatively quiet in Brussels and the Flemish cities. In the Brussels municipality of Saint-Gilles, individuals ('copy cats' according to De Morgen) set fire to some cars, but the situation did not escalate to disturbances. The federal police and the Ministry for the Interior’s crisis centre refused to answer the question as to whether the French disturbances could occur here, too. ‘Any comment could have the effect of waving a red cloth in front of a bull’, was the message. But there are a number of factors making it improbable that the situation could reach the same proportions here.

Sprawling suburbs characterised by concrete blocks peopled to the tune of 50% by immigrants, barely exist here. Cities such as Antwerp, but especially Brussels, do have a number of problem districts, but the abuses have not take on the same scope as in the large French cities. In Antwerp for example the social mix with the autochthonous population is much greater, with the result that ghettos have not formed to the same extent.(FF).

Opinion

LEX MOLENAAR • GAZET VAN ANTWERPEN
8 NOVEMBER

First of all: the immigration wave has never been as great here as in France, the UK and the Netherlands. We do not have entire suburbs of social housing, erected in line with city-planning models that at the time seemed to offer a heavenly solution. We have no Seine-Saint-Denis, no Brixton and no Bijlmermeer.

The formation of ghettos is also much less advanced here. Although it might sound strange to anyone who has never looked at the situation in large cities in other countries, the social mix even in Antwerpen-Noord and Oud-Borgerhout is much greater than in the suburbs of Paris (and Brussels).

And as a result of that, social control is also greater. The many complaints from local residents in the impoverished Antwerp districts prove that these areas have not been given up. And the fact that they are constantly the subject of discussion keeps the policymakers on their toes. More than anything, that should stay as it is.

Finally the sense of hopelessness in the problem districts of Antwerp is also less than in the case of the rebellious youths in Paris. There are projects targeting youth unemployment, extra training, naturalisation and emancipation. In short, the situation is serious, but not without hope. However, all this may certainly not lead to misplaced optimism.

Three years ago, after the death of Mohammed Achrank in Borgerhout, we saw that not much is needed to get hoards of dissatisfied youths onto the streets for protest actions.

An ethnic sub-proletariat is the ideal breeding ground for crime and racial conflicts. It is also the perfect breeding ground for criminal gangs and religious fundamentalists with destructive objectives. If we want to avoid French situations, it is therefore essential that we know what is happening in our cities. This can be achieved via many means: education, the emancipation of Muslim mothers, door-to-door visits under the Safe City Plan (organised by the Antwerp municipal council, ed.), local neighbourhood policemen, etc. If we know what is going on there, we can take action. That has nothing to do with bringing in the army. We have to make sure that things never come to that in our country.

Use of surveillance cameras becomes commonplace

Since last week the federal Senate home affairs committee has been holding hearings on the use of surveillance cameras in Belgium. Anyone using surveillance cameras must abide by the law on privacy. But in practice this happens precious little, according to data from the privacy committee. This body, which monitors privacy, recorded a total of 671 registrations of such camera use, whilst the Ministry of the Interior estimates that there are some 10,000 in use in Belgium. Three in four registrations come from companies and in half of the cases the cameras are used for the surveillance of company property. But one in ten is also used to monitor employees’ performance at work [De Tijd, 9 November]. Michel Parisse, chairman of the committee, feels that the use of surveillance cameras is being made too commonplace. ‘Anyone installing a camera also has obligations: to inform the persons being filmed, to limit as far as possible the time during which the images are kept, and to remove the cameras if they are no longer necessary, etc.’.
Wage gap with neighbouring countries widens

The comments of the employers are relatively moderate, for in the coming weeks they have to negotiate with the trade unions on the implementation of the Generation Pact

Over the last decade the wage gap between Belgium and its neighbours has systematically widened. Since 1996 it has risen to 2.9%. The ever-greater difference is caused by the higher-than-expected inflation, and the stricter wage restraint applied in the Netherlands, France and Germany. Up to 2000 Belgian wage increases maintained a fairly similar trend, but in 2001 (0.7%), 2002-2003 (0.1%) and 2005-2006 (+2.1%), wages increased here much more markedly than in the neighbouring countries. This was revealed in the annual technical report of the Central Council for the Business Community, which serves as a basis for the two-yearly wage talks between the social partners. The wage-cost handicap has a negative effect on the competitive position of Belgian companies. According to the employers’ organisations VBO, Unizo, VOKA and Agoria (technological industry), the figures confirm that the cries of alarm from companies about their competitive handicap are based on solid figures. However, their comments are relatively moderate. That is understandable, for in the coming weeks they have to negotiate with the trade unions on the implementation of the Generation Pact on career-end arrangements. The most hard-line comments come from the managing director of Agoria, Paul Soete. Agoria has long been an opponent of the current wage standard. This is being negotiated with the unions and determines the wage increases in the collective labour agreements per sector. According to Agoria, the wage handicap in the technological industry already amounts to 11.5% in respect of the neighbouring countries and the derailment of wage costs will lead to 2,000 jobs being lost next year.

The socialist trade union ABVV feels that the CRB report confirms that the Belgian sectoral agreements for 2005-2006 were moderate. According to the ABVV’s study department, the real wage increase amounts to only 0.7%. Moreover, so the union points out, it appears from the report that the employers are not fulfilling their obligations as regards training. Since 2000 those efforts have decreased from 1.34 to 1.03% of the wage mass (FF).

In Belgium wages are automatically indexed, whereas this is not the case in our three neighbouring countries. Inflation, which has risen sharply this year due to the high oil prices, has also pushed Belgian wages upwards. This trend will continue in the coming years. The CRB bases itself on inflation of 4.5% for 2005-2006 – substantially more than the 3.3% used as an assumption last year. The major reason is that the price of fuel oil, which partly determines the index and therefore the level of wages, has risen sharply over the last year.

In France, Germany and the Netherlands wages are not increasing anywhere near so fast. Belgium’s three neighbouring countries have each taken special measures to maintain wage restraint. In Germany a series of collective labour agreements was agreed on, in which bonuses are abolished, more flexibility is demanded and extension of working time is agreed without extra wages being paid in return. In the Netherlands the average collective labour agreement increase is lower than inflation.

In France the rise in wage costs is curbed by a relaxation in the overtime rules, as a result of which employees can be scheduled to work for up to 39 hours a week without the employer having to pay an overtime supplement. Efforts have also been made in our country to curb the rise in wage costs, says Robert Tollet, chairman of the CRB. ‘The inter-professional agreement for 2005-2006 contains a wage standard of 4.5%. That is less than the maximum permitted wage-cost rise of 5.3% which the CRB made provision for last year. The social partners thought that they were in a good position with their 4.5%. Most branches of industry have also respected the 4.5% wage standard. A wage increase lower than 4.5% has also often been agreed’. In the end it appears that wage costs in Belgium’s neighbours have risen not by 5.3% but by 3.1%, due to the measures for wage restraint that those countries have taken. The consequences for our country’s competitive position should not be underestimated, according to the CRB. If labour is more expensive in our country, Belgian products become less attractive and the market for sales shrinks. According to the CRB, the higher export prices are accompanied by an ‘appreciable loss of market share’.

Prime Minister Guy Verhofstadt has called on employers and trade unions to come round the table as quickly as possible to work out an answer to the increasing difference in wage costs between our country and its neighbours.

WWW.CCECRB.FGOV.BE
What can still be negotiated in the Generation Pact?

The implementation decrees will be drafted in a working group, which will also include the social partners.

The Generation Pact has not been explained well, and that is why there are large-scale demonstrations against it. This is the belief not only of the chairman of the Flemish socialists, Johan Vande Lanotte, but also of the federal government. Therefore the government has conceived a large-scale communication plan to provide the population with better information. On 7 November a two-page advertisement appeared in all Belgian newspapers, setting out in broad terms what the Generation Pact involves. Every Monday over the coming weeks, an advertisement will train the spotlight on one of the four main themes in the pact (‘more young people at work’, ‘more older people at work’, ‘cutting labour costs’ and ‘a strong social security system’).

On Saturday the federal government drafted the text which casts the Generation Pact in a bill. The implementation decrees will be drafted in a working group, which will also include the social partners. The government agreed on this after talks with trade unions and employers, who showed themselves to be satisfied afterwards. The employers were given the guarantee that the Generation Pact would be kept in its present form. No further talks are being held on the principles of the pact, Verhofstadt reiterated, and he wants the pact to start up on 1 January 2006. The unions remembered in particular that the government had promised to make extra efforts to eliminate youth unemployment and that they could be involved in decisions as to the specific implementation of the pact. It gave union leaders Cortebeeck and Verboven the feeling that the government was prepared to listen after the day of action on 28 October. But how much scope for negotiation remains?

JOHAN RASKING/STEVEN SAMYN
DE STANDAARD • 8 NOVEMBER

It is not always clear where the principles end and the implementation begins. It has become a game of words in which everyone has their own interpretation of the situation for their own supporters. Those who mobilise 100,000 demonstrators cannot state, two weeks later, without turning a hair, that they are satisfied with a little tinkering in the margin. Under pressure from their grassroots, the trade unions have to be able to show that they have pulled something out of the fire.

The Prime Minister is trying to stress that his government is resistant to this and is decisive. After the BHV and DHL debacles of last year, the Generation Pact is the proof that the ‘purple’ government can take tough decisions and successfully deal with awkward matters.

Verhofstadt is also trying to keep the pace of the reforms on track. He is insistent that the pact should start up on 1 January 2006, although the measures for a large number of sensitive issues – for example early retirement – should only come into force in 2007 or 2008. If the talks are put onto the back burner, the government runs the risk of delay leading to abandonment.

The purple government, and in particular the socialist wing, wants to iron out the creases with the unions as quickly as possible. However, a lot of time is needed for that and the government does not want to take that time. There is also another thorny point. Technically the government is not needed for many implementation provisions. A lot of these can also be discussed on a joint-representation basis, between trade unions and employers (in the national labour council or in the sectoral joint-representation committees). This concerns, for example, arrangements for time credit for which a national collective labour agreement has to be adapted. Practically all agreements concerning early retirement are contained in sectoral collective labour agreements. It is not only relations between politicians and trade unions that have become soured. The relations between employees and employers are not optimal either. If the social partners do not budge, the government will have to cancel the existing agreements and take new decisions. The chances of something like that happening without a struggle are zero. The trade unions would no doubt regard such a step as a declaration of war.

More and more over-45s working as temporary employees

More and more people over 45 are working as temps. Older employees who fall victim to restructuring are using this as a way of getting back onto the labour market. The temporary employment agency Creyf's talks of a 13% increase between September 2004 and August 2005. Around 30,000 over-45s are currently reported to be working through a temping agency (FF).

HELENA WILMET • HET VOLK • 10 NOVEMBER

Of the older temps at Creyf’s, there are twice as many working as blue-collar workers (2,887 cases) as there are working as white-collar workers (1,441). According to Creyf’s, it is not surprising that temporary employment is on the up among the over-45s. The unjustified perception of temporary employment as being inferior has completely disappeared. Since the average age at which people are being confronted with leaving scenarios is dropping, so, logically, the age at which these people find their way to the temping agencies is also dropping. But although temporary employment is gaining in popularity among older workers, the average age at which seniors start working through temping is nonetheless falling. The figures also show that the number of hours worked is falling. Instead of a full-time job they are increasingly opting for a gradual reduction and a redistribution of their time between work and free time.

www.creyfs.com
Belgium promotes tax deduction in the Far East

Both the Flemish and the Federal Government are undertaking an extensive promotional tour in the Far East. On Sunday Prime Minister Verhofstadt (VLD) left with Finance Minister Didier Reynders (MR) to promote Belgium among Chinese, Korean, Japanese and Singaporean investors. The inducement is the so-called notional deduction, a lump-sum interest amount liable to tax deduction if equity capital is invested in the company. This favourable tax system for venture capital means that the de-facto tax burden for companies investing here is substantially reduced.

According to the Belgian Business Confederation (VBO), the deduction cuts the corporation tax rate to some 26%. But there still remained a major handicap, in the view of many observers. The so-called transfer-to-reserves obligation determined that the tax benefit from the notional deduction had to remain in the company for three years. After talks within the government, the socialists eventually agreed to a relaxing of the measure (FF).

WIM VANDE VELDEN • DE TIJD
8 NOVEMBER

Didier Reynders (MR), the federal Finance Minister, estimates that the introduction of the notional deduction of interest involves a cut in costs and charges of EUR 560 million for companies. Last month during the budget preparation, Reynders advocated a relaxation of the notional deduction of interest. He wanted to do away with the ‘transfer-to-reserves obligation’. At the moment the tax benefit from the notional deduction of interest has to be transferred to the reserves in the company for three years before it can be paid out in the form of dividends. The business community sees this as a major minus point. Reynders came up against a veto by the socialists, but they changed tack this weekend.

The improvement of the notional deduction of interest fits into the adaptations of the Generation Pact. In the section on innovation, efforts will be made to abolish the transfer-to-reserves obligation of the notional deduction of interest. ‘A working group has been set up to mitigate or do away with that obligation’, said Prime Minister Verhofstadt yesterday in Seoul. In exchange for this liberal showpiece, the socialists were granted an extension of the section on youth unemployment in the Generation Pact.

WWW.PREMIER.FGOV.BE

Flanders on business trip to China

At the same time as the federal delegation, an eighty-strong delegation of the Flemish Government is visiting China and Singapore, led by Minister-President Leterme (CD&V) and Foreign Trade Minister Fientje Moerman (VLD). They will be taking in Beijing, Shanghai, Suzhou, Hong Kong and Singapore on the ten-day trip. Flanders is being promoted as the operating base for Chinese entrepreneurs who want to engage in trading relations with Europe. But of course for the many Flemish entrepreneurs accompanying the ministers, it is also an excellent opportunity to make contacts, and – who knows – close deals.

To attract Chinese investors to Flanders the Flemish Government has plans for a Chinese school in Flanders and a services centre to support Chinese companies that invest here. In China a Flemish House (Vlaams Huis) would be set up, which would house a representation of the Flemish Government. These are some of the ideas from the Flemish Government’s China strategy, which minister Moerman unveiled to an audience of potential Chinese investors in Beijing (FF).

BART HAECk • DE TIJD • 8 NOVEMBER

China is a major trading partner for Flanders’ export economy. Exports to the Asian superpower rose by an average of 30% between 2000 and 2003. According to a recent study by the Flemish enterprise network Voka, one in four Flemish employers are considering doing business with the Chinese within the next three years. Yesterday, therefore, Minister Moerman presented Flanders’ ‘China Strategy’ to some eighty potential Chinese investors. The managing director of Janssen Pharmaceutica, Ajit Shetty, also gave an explanation of his experiences in Asia. Janssen disembarked in China back in the 1970s.

The China Strategy contains both concrete plans and recommendations. For example, the Flemish Government is imagining a Chinese school in Flanders. That is important for the quality of life of foreign investors. When they stay for a long time in Flanders, they often bring their family with them. The Netherlands, for example, has fourteen Chinese schools.

The government is also asking the universities to pool their knowledge of China in a joint programme and is making plans for a Flemish Centre. Such Flemish Centres already exist in The Hague, Paris, London, Berlin, Vienna and shortly also in New York. Beijing should be added to that list. There also had to be a Flemish promotional film to accompany the presentation of the China strategy. The attention-getters in the film are bio- and nano-technology, Flemish fashion, the airport of Zaventem and Janssen Phar-maceutica. It will soon be possible to view the film on the web site of the Flanders Investment and Trade agency, www.flanderstrade.be. As of the beginning of next year, this site will also be offering information on Flanders in Chinese.

Furthermore, Flanders is setting up a services centre for Chinese companies that invest in Flanders. Conversely, it is planning to create one new service centre a year for Flemish companies in China. There is also more specific cooperation. The Flemish Institute for Logistics has been given the task of supporting Chinese companies in the distribution of their products in Europe. Chinese bio- and pharmaceutical companies will forge closer ties with Flemish companies and labs. In Beijing Moerman is also extending an agreement for the exchange of postgraduate researchers.

WWW.FLANDERSTRADE.BE
The urban exodus is endorsed at the end of teachers (FF). Other languages in Brussels Dutch—massive presence of pupils speaking Flemish secondary schools experience an exodus of young teachers

EDUCATION/TEACHERS

Flemish secondary education is experiencing a sizeable exodus of young teachers. No fewer than 30% of them are turning their backs on teaching within the first five years of their teaching career, according to the education department labour market report. In Brussels the situation is even worse. There 62% of young teachers are no longer to be found in Brussels Dutch-speaking secondary education after five years. They move to Flanders or seek refuge in sectors other than education. As reasons, the report points to the massive presence of pupils speaking other languages in Brussels Dutch-speaking education, and the urban exodus of teachers (FF).

DIRK LESAFFER • DE STANDAARD 9 NOVEMBER

The urban exodus is endorsed at the office of Guy Vanhengel (VLD), the officer responsible for education in the Flemish Community committee. His advisor, who calls the figure ‘exceptionally high’, sees a higher drop-out rate as a normal phenomenon for a student city. Just as in Antwerp and Ghent, young people stay on in the city after their studies. And when they start thinking about having a family, they move to a smaller city or municipality. In Flemish secondary schools things are not seeing the same trend as in the capital. Nonetheless, the proportion of young teachers who turn their backs on the classroom has been constant at 30% over recent years. In the special education sector, that proportion is more or less the same, ranging from 23 to 37%. In primary education, the figure is about half the size. The fact that one in three graduate teachers give up teaching after five years is a source of concern for the Catholic education umbrella organisation. Education is evidently not such an appealing employer as had generally been thought. The pressure of work appears to be higher than student teachers had expected. Chris Smits, responsible for secondary education, therefore suggests that schools appoint mentors – experienced teachers who would be able to guide their young colleagues. In so saying, he is ranging himself behind the reform that Education Minister Frank Vandenbroucke (SPA) wants to bring about from the next academic year. Smits also feels that the teaching assignment of young teachers need not be so great as that of the rest of the teaching staff. The wage should be at the normal level from the beginning, but the teaching hours should gradually be built up to the normal level. A final remedy is to attract people from outside teaching. If they could keep their years’ service from other sectors when moving into education, teaching would become more appealing to them, too. Vandenbroucke recently left the possibility open of people being attracted from the private sector for boards of governors.
When you hear the name Fabergé, you immediately think of the dazzlingly luxurious jewels in the form of eggs and of the family of the last Russian Tsar, who had a whole collection of them. The Romanovs, who were killed during the October revolution, were indeed the best customers of the Fabergé house which, like the Tsar’s family, was established in Saint Petersburg. As his name suggests, Carl Fabergé had French roots. His Protestant forefathers had left France after the Nantes edict. Carl inherited his father’s jewellery business which flourished under his stewardship. In its heyday he had 500 artisans and designers working for him and had subsidiaries in Moscow, Odessa, Kiev and London. But what is less well known is that Fabergé also worked for the German emperor and the British and Swedish royal houses, and that as well as producing luxury products he did not shun mass production of services, vases and little figures, for example. At the Europalia exhibition in the ING in Brussels the jewels are of course the big attraction, but the less luxurious objects are also on show (FF).

The Tsar’s eggs

The exhibition displays thirteen of the imperial eggs, each one a tour de force of the goldsmith’s trade. For each of these gems, we know who it was meant for, what symbols it contained and how much it cost.

Why in heaven’s name did Fabergé make Easter eggs? That was a religious question. Easter was the most important high day of the Russian Orthodox Church, and was celebrated extensively in Russia with an Easter mass, heavenly singing, a festive meal and Easter cake. The exchanging of sacred Easter cake. The exchanging of sacred eggs was part of the traditional customs. In time the manufacture of Easter eggs in wood, bronze, glass and porcelain became an art form in itself. Fabergé’s exquisite Easter eggs take refinement in this area to the extreme. The exhibition displays thirteen of the imperial eggs, each one a tour de force of the goldsmith’s trade. For each of these gems, we know who it was meant for, what symbols it contained and how much it cost.

A good example is the Coronation Egg, which Tsar Nicholas II gave to his wife Alexandra Fjodorovna at Easter in 1897. Because the egg was intended as a souvenir of the tsar’s and tsarina’s coronation which had occurred the previous year, it contains a surprise: an extremely delicate miniature version of the golden carriage that the couple had used during the coronation ceremony in Moscow. The little carriage is decorated with a mesh of gold and diamonds and the velvet seat covering is imitated in red enamel. A little imperial crown sits on the roof of the carriage. Souvenirs of such refinement – notice the egg’s enamelled exterior, which calls to mind the gold brocade of the imperial cloaks – obviously came at a price: Fabergé charged 5,500 roubles for this one. This amount can only properly be understood against the backdrop of the miserable living conditions with which a large part of the Russian population had to content themselves. It was obvious that an eccentric display of wealth of this kind could not continue in the modern world. And yet one cannot help but wonder at the objects d’art that Fabergé produced, and the virtuosity with which he used, for example, pearls, diamonds, rubies and rock-crystal to imitate lilies-of-the-valley.

The brand new Budget Minister Freya Vanden Bossche (SP.A) presented the national budget for 2006 in the parliament finance and budget committee. The federal budget puts its expenditure for next year at EUR 46.217 billion. Primary expenses (without interest charges) rise by 3.6%. It is counting on EUR 86.244 billion in tax revenue, an increase of EUR 3.5 billion. More than half of that revenue (EUR 41.182 billion) is paid on to the federated states. The federal government is also counting on a further EUR 4.415 billion in non-tax revenue.

BUDGET POLICY AND CULTURE

EXPENSES OF FEDERAL GOVERNMENT DEPARTMENTS IN 2006 (in million euros)

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<td>+3.9</td>
</tr>
<tr>
<td>INTEGRATION POLICY</td>
<td>1,121.0</td>
<td>1,071.2</td>
<td>+4.7</td>
</tr>
<tr>
<td>CIVIL BUILDINGS POLICY</td>
<td>600.0</td>
<td>546.5</td>
<td>+9.8</td>
</tr>
<tr>
<td>EMPLOYMENT AND SOCIAL CONSULTATION</td>
<td>598.5</td>
<td>506.8</td>
<td>-1.7</td>
</tr>
<tr>
<td>SCIENTIFIC POLICY</td>
<td>577.0</td>
<td>468.4</td>
<td>+27.1</td>
</tr>
<tr>
<td>HOME AFFAIRS</td>
<td>483.4</td>
<td>458.3</td>
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<tr>
<td>SUBVENTIONS [ROYAL FAMILY, PARLIAMENT...]</td>
<td>413.6</td>
<td>439.0</td>
<td>+6.4</td>
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<tr>
<td>ECONOMY AND ENERGY</td>
<td>140.4</td>
<td>130.9</td>
<td>+7.7</td>
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<tr>
<td>PUBLIC HEALTH AND ENVIRONMENT</td>
<td>268.7</td>
<td>262.9</td>
<td>+2.3</td>
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<tr>
<td>OTHER</td>
<td>281.5</td>
<td>356.0</td>
<td>-16.2</td>
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<tr>
<td>TOTAL</td>
<td>46,216.4</td>
<td>47,760.9</td>
<td>-3.7</td>
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</table>

SOURCE: TFD

Send your email-adress to info@focusonflanders.be and receive a password for www.focusonflanders.be
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**FOCUS ON FLANDERS**  • 5 November 2005  • Number 42