

FLANDERS: ECONOMIC POWERHOUSE AT THE NORTH SEA

Situated in the north of Belgium, in the heart of the European Union, Flanders is one of the most productive regions in Europe. With an estimated gross domestic product (GDP) of 240 billion euros, it accounts for the lion's share (60%) of the productivity in the EU's 9th largest economy. This impressive figure is largely achieved by small and medium-sized enterprises (SMEs) in the tertiary and service-based sectors. Leading Flemish industries include the chemical, pharmaceutical, transport, textile, machinery and equipment industries.



Connected to global markets through its major ports of Antwerp, Zeebrugge, Ghent and Ostend, Flanders is an international and open economy and a prime hub for international trade. The region boasts an annual export value of 300 billion euro, covering 84% of Belgium's total export. It is home to some 18.300 exporting companies and ranks sixth among EU Member States in total export.

BREXIT: A LONG-STANDING PARTNERSHIP IN PERIL

Historically, Flanders and the United Kingdom (UK) have always been close partners. In the Middle Ages, British shepherds shipped wool to Flemish textile factories, which in turn sold their finished products to British traders. Today, the total export from Flanders to the UK amounts to €27,66 billion and export from the UK to Flanders totals €13,61 billion. Flemish and British ports interlink facilities to streamline international trade and research institutes collaborate intensively. Each year, Flemish and British universities and schools exchange around 1.200 students and some 600.000 British tourists visit Flanders.

As a close partner of the UK, Flanders has a considerable stake in the Brexit negotiations. Brexit risks disrupting the busy and lucrative trade across the North Sea by introducing new barriers to trade, something that would adversely affect both Flanders and the UK. Beyond trade, Brexit also threatens the Flemish-British collaborative partnership: when the UK leaves the EU, it may decide to end commitments in the many different EU partnership programs (e.g. Horizon 2020) in which Flanders and the UK successfully join forces today.

BREXIT: THE FLEMISH PERSPECTIVE

Flanders regrets the British people's decision to leave the EU but notes that withdrawal negotiations between the two partners were kicked off on 19 June 2017. Brexit entails risks for Flanders and its long-standing partnership with the UK. Flanders is seeking to minimize these risks as much as possible. To this end, Flanders has closely monitored phase one of the talks. The anticipated impacts on trading relations and the Flemish-UK partnership make phase two even more important as we look to negotiate an orderly, trade-friendly withdrawal of the UK from the EU.

Critical issues for Flanders during phase one of negotiations include:

- The withdrawal agreement must set out **adequate safeguards to protect acquired rights** of the EU and British citizens concerned. These safeguards should be based on reciprocity and should minimize the administrative burden for citizens as much as possible. In particular, the status of posted and frontier workers must be protected.
- **Risks for expenditure under the Multiannual Financial Framework (MFF) 2014-2020 must be minimized** as much as possible. Continuity of running projects must be ensured.
- Arrangements between the EU and the UK with regard to the Irish border are key. **New customs arrangements must be closely monitored** and should not give rise to intra-European competition.

Critical issues for Flanders during phase two of negotiations include:

- **Barriers to trade between the EU and the UK must be avoided as much as possible.** Arrangements under the withdrawal agreement and under the future UK-EU partnership deal should continue to **facilitate as much as possible the movement of goods and services** between the respective territories. This includes:
 - No tariff barriers (zero rates);
 - Extensive customs collaboration and elimination of customs formalities;
 - Preservation of level playing field through harmonization of regulatory frameworks;
 - Adequate protection of investments and intellectual property.
- The EU must seek to conclude a **"PLUS" agreement** with the UK through which they partner in the fields of agriculture, fisheries, mobility, transport, environment and energy, security, science, research and education. Provided that the UK commits to an appropriate financial contribution, collaboration in programs such as the Erasmus+, Horizon2020, CEF, Interreg must be upheld as much as possible.
- **A transition period after "Brexit day" should provide a basis for future relations** and should enable a smooth transition from EU membership to new bilateral arrangements. This transition period should last long enough to allow the UK and the EU to adopt adequate arrangements regarding their future relationship.
- **A macro-regional strategy for the North Sea should be adopted** to enable all countries and regions bordering the North Sea to cooperate, within their respective powers, in the fields of, inter alia, science, maritime transport, energy, biodiversity, and the blue economy. This forum also should allow EU Member States bordering the North Sea to continue to cooperate with the UK and other third countries in the area.