

Speech
23 January 2015

Speech in Davos

Prime Minister in Davos 2015

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Your Majesties,

Mijnheer de Minister-President,

Ladies & Gentlemen,

I am very happy to welcome you at this Belgian Power Breakfast.
A power breakfast?

Some of you may ask what a power breakfast actually means.

To tell you the truth, I don't really know myself.

But what I DO know is what Belgian power means.

For me this occasion is an opportunity to meet with each one of you.
And the one thing we all have in common is our interest in Belgium.

Their Majesties King Philippe and Queen Mathilde show a keen interest in economic diplomacy.
We are very honoured you are with us today.

This is my first time in Davos.
You know I took office as Prime Minister last October.
This is an opportunity for me to present the strategy of my government to support the entrepreneurship.

You may ask what is different about Belgium today.

One thing is very clear when it comes to our country: we have many records.
Sorry for the Swiss, but we make the best chocolate in the world.
We have the widest variety in beer and we eat more French fries than any other nationality.

4 years ago it took us 500 days to form a government.
Another world record.
This time, it took us just 79 days, and I have the honor to be the youngest Prime Minister of Belgium.
You know that Belgium is federal country with Regions and Communities.
The Minister-President of Flanders is here with us today.

He will address you shortly.

We are all working together in partnership.
And ? we have firmly taken a new direction, a new impulse.
Focusing on the country's economic situation with a process of reform.

Let me give you two strong commitments of the changes going on in Belgium.

- Belgium is very attentive to remain competitive with its neighbours.
We want to neutralize the salary gap between Belgium and our neighbours in five years.

We have decided to cut the labour cost equal to 4 billion euros.

Companies will be able to invest this amount for employment, training and innovation.

- Our second commitment is our focus on flexibility in our labour market. We have started the first reforms in that domain.

Our social security system is strong. I want to guarantee its sustainability. That's why we need more jobs. And we are actively working with the trade unions to reach a peaceful social dialogue.

This Government will guarantee a global fiscal reform.

We intend to lower the tax burden on employment.

First of all, it has decided to focus its efforts on cutting labour costs.

We will reduce the employers' contributions from 33% to 25% to support business.

We will undertake an important administrative streamlining process.

Next, we have already started a reform in order to raise the net income of people who work.

In the case of corporate taxation, it is crucial to make a clear distinction between the Nominal Corporate Tax Rate and the Effective Corporate Tax Rate.

In Belgium, the Effective Corporate Tax Rate is 7.7% below the nominal tax rates.

And this is the outcome of several instruments to support foreign investments in Belgium.

Firstly we have provided a unique taxation mechanism, the "risk capital allowance", based on notional interest rates.

Companies are allowed to deduct from their tax base an amount of notional interest calculated according to the level of equity.

Research and development is also the focus of attention from a tax perspective.

We have a specific deduction of 80% from the income of patents, resulting in an effective tax rate of a maximum 6.8% on this income.

We are a very business friendly government.

Because we want more economic development and more jobs.

We are of course available to join you in working out flexible solutions to help you when investing in Belgium.

Your Majesties,

Ladies and Gentlemen,

Belgium has an industrial tradition that goes back a long way. Along with the United Kingdom, Belgium was one of the first countries in the world to embark upon a process of industrialisation. We are known as a "nation of engineers", Belgian citizens have been involved to a great extent in developing infrastructure all over the world.

As you know, Belgium is well-situated.

Its network has become a hub for European trade.

The extensive and high-quality infrastructure and our services boost the appeal of Belgium.

Our many universities and colleges provide a high standard of training.

A Nobel Prize for physics was awarded last year to a Belgian researcher.

This shows that this research sector forms an integral part of industrial development strategies.

Belgium is home to a wide variety of leading economic sectors.

One is the agri-food industry.

Belgium is also a prime location for biotechnologies: 140 companies are active in this sector.

Belgian companies account for 16% of Europe's turnover in biotech.

The pharmaceutical industry also plays a crucial role.

Belgium is a world leader in pharmaceuticals.

Nearly 30,000 people work in this sector, which alone accounts for 10% of all Belgian exports.

In fact, 36% of all private sector R&D investment is in the pharmaceutical industry, twice the European average.

Many business leaders know that Belgium is the perfect location for their headquarters or distribution centre in mainland Europe.

The infrastructure, skills and IT facilities provide an ideal environment to conquer the European market.

Over the past 20 years Belgium has turned out an average of 1 million vehicles a year.

Belgium is a key player in vehicle assembly.

Belgian industry plays a key role in the aerospace sector.

Many aircrafts have the stamp of Belgian know-how:

Airbus, Boeing, the F-16, the Rafale, the Falcon 7X, the Ariane 4 and 5 space programmes, SPOT earth observation satellites to name but a few.

I saved the best for last: the people of Belgium are known for their productivity and excellence. Belgians are pragmatic and moreover we are very ? nice people and also modest.

Your Majesties,

Ladies and Gentlemen,

We want to promote Belgium as a sexy destination for investments.

And I want to invite you to form a partnership with us.

A partnership built on mutual confidence and on mutual interests.

I am personally committed towards this end.

I thank you for your presence today and hope to meet you soon in Belgium or in your home country.

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