

BELGIUM

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The Belgian economy was, like in most other European Union member states, rather sluggish during 2003, without an outstanding trend and awaiting for the upturn which forecasts predict in 2004. One of the realities that many European companies have had to face during 2003 has been the gradual erosion of the value of the US dollar against the Euro. This has affected companies in their businesses where the margins are largely dollar-denominated and where it has a strong European cost base, such as copper and zinc smelting. Despite this, the mineral industry continued in 2003 to be a significant contributor to the Belgian economy and posted some remarkable results.

Trading and processing of diamonds and metallic ores are the largest mineral industries in Belgium. The metal processing industry almost exclusively uses imported raw materials, whether ore, concentrates or scrap. Domestic mine output is limited to the production of construction materials and industrial minerals. Limited mineral exploration is being carried out (mainly) for industrial metals. Re-interpretation of airborne magnetic data over the Brabant Massif, an area of Palaeozoic rocks in southern Flanders was carried out in 2003 by the Flemish Community in its on-going base and precious metals exploration survey efforts.

Belgium's non-ferrous metals and materials industry currently processes some twenty or so metals. These can be divided into three categories: base metals (aluminium, copper, lead, zinc, tin), precious metals (gold, silver, platinum) and specialty metals (germanium, cobalt, indium). The sector employs some 8,900 people. In 2003, Belgium produced more copper (+1.4%), zinc (+1.6%) and precious metals (+8%) compared with 2002. However, semi-fabricated metal production was considerably lower in 2003: -3% for aluminium, -4.2% for copper and -35% for zinc.

The largest contributor to the non-ferrous metals sector is Umicore. Its activities are centred on five business areas: Precious Metals Services, Precious Metals Products and Catalysts, Advanced Materials, Zinc and Copper. 2003 was a particularly significant year for Umicore:

- Through the acquisition of PMG (from OM Group Inc.) Umicore became both a leading producer of precious metals-based products and one of the global leaders in the automotive catalysts business.
- Umicore's copper operations were detached so that it could function as a free-standing company, and allow it to contemplate new partnerships.
- Umicore joined forces, in a 50-50 joint venture, with the world's largest steel producer Arcelor to create a new company, Traxys, which incorporates its third party trading and agency business. Before the

creation of Traxys, Umicore's activities in this field were carried out by Sogem and Arcelor's by Considar.

The weakness which could be noticed in reluctant private consumption and in an important downturn in investments had a direct impact on EU steel demand, which fell for the second year. Belgian steel production dropped slightly compared with 2002 (-1.9%) to 11.1 Mt, but this is still an increase of +3.4% compared with 2001. This was the result of lower demand and the impact of higher costs, including scrap and electricity. However, stainless steel production grew strongly, by 30%, to nearly 900,000 t with the start-up of new capacities which had been commissioned in 2002. The main steel producers are Cockerill Sambre and Sidmar, both part of the Arcelor Group.

On January 31, 2003, Sadaci NV of Belgium was bought by Molymet of Chile. Sadaci's facilities are in Gent, Flanders, where it roasts molybdenum concentrates (MoS_2) in order to produce a wide variety of molybdenum products. Roasting capacity is 22 Mlb/y of molybdenum contained in concentrates (some 18,500 t of concentrates). Output products from this complex are mainly orientated to the European steel industry.

Belgium, specifically Antwerp, retained its position as the world's largest diamond centre. Polished diamond exports reflected the general buoyancy in several of the major diamond jewellery markets and stood at a record US\$7.19 billion in terms of value, 11.9% more than the US\$6.42 billion worth reported in 2002. In terms of volume, the increase was 8.9%, with exports rising from 9.18 Mct in 2002 to 9.56 Mct in 2003.

Belgium continued in 2003 to be a relatively important producer of industrial minerals and building materials. Some 50-60 Mt of a wide variety of raw materials are extracted every year. Amongst these are clays, silica and refractory sands, construction sands, gravel, limestone and dolomite, sandstone, porphyries, slate, chalk, kaolin and marble. Hard rock materials are almost exclusively produced in the southern part of the country (Wallonia). Belgium hosts world leaders in industrial minerals products, such as Sibelco (a world leader in silica sands, cristobalite, nepheline syenite and ball clay), Carmeuse and Lhoist (leaders in handling of limestone and its derivatives).

In March 2003, BPB (UK), a world leader in the supply of plasterboard and gypsum plasters, announced that it had acquired control of Gyproc Benelux NV, by increasing the group's equity participation from 46% to 99%. Gyproc is a Belgian plasterboard manufacturer with operations in Kallo and Wijnegem (Antwerp), and was formerly controlled by the Etex Group.

Belgium is also a significant producer of cement. According to Febelcem, the federation of the Belgian cement industry, cement production totalled in 2002 (latest available figures) some 7.1 Mt, representing a €537 million turnover. About 2.4 Mt of the cement produced was exported.

After 18 months work and 71 hearings, the Belgian Senate commission on the exploitation of natural resources in the Democratic Republic of Congo (DRC) concluded in early 2003 that no illegal acts were committed by the people and companies investigated. The 15-member Senate commission was established in November 2001 in the wake of the publication of the addendum report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC, in which several Belgian companies were named.

The task of the commission was to investigate the alleged involvement of Belgian and non-Belgian companies in the illegal trade of natural resources of the DRC, and to search for ways to prevent proceeds of such activities from fuelling war in the region. The commission's findings and recommendations focused primarily on the trade in columbo-tantalite (coltan), diamonds, and gold from the DRC. The commission suggested the creation of a follow-up committee and asked the Belgian Government to take the necessary steps for the launching of international regulations for investment in conflict zones, and the planning of a legal framework in such countries.

Belgian Metal Production ('000 t, unless stated otherwise)

Metals	2001	2002	2003	2002/03 (% change)
Copper (refined and alloys)	550.2	484.0	490.8	1.4
Zinc	218.0	212.1	215.5	1.6
Zinc dust	49.5	52.1	55.9	7.3
Lead	129.7	119.2	117.9	-1.1
Precious metals (t)	1.4	1.2	1.3	8.3
Others	19.4	19.2	18.5	-3.6
Crude steel production	10,741	11,322	11,135	-1.9
Semi-fabricated metal production				
Aluminium	391.2	400.9	388.1	-3.2
Copper	315.1	275.2	263.7	-4.2
Zinc	23.9	18.5	11.9	-35.7
Lead	31.0	32.8	32.8	0.0
Others	1.6	1.2	0.6	-50.0