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## PRESS RELEASE

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### **Economic importance of the Autonomous Port of Liège: 2003 report**

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Two years ago the National Bank began publishing a study on the economic importance of the Autonomous Port of Liège.

The contribution of the port of Liège to the national and regional economy is estimated on the basis of the analysis of the economic, social and financial situation over the period from 1997 to 2003. The main developments concern three variables : value added (VA), employment and investment. This study also reveals the indirect effects - in terms of VA and employment – of the sector's activity on the overall economy of the country, and tries to place in perspective the consequences of the restructuring of the Liège iron and steel industry. The social balance sheet is also presented. From this edition onwards, the analysis of the financial results of the sectors under review will be supplemented by the application of a bankruptcy prediction model.

The year 2003 confirmed the downturn in activity at the port of Liège. Although the level of traffic was maintained, taking all modes together, the Liège basin is at a turning point in its history. In April 2003, Arcelor announced that it intended to close down the Cockerill Sambre hot phase activities by 2009. That decision has already led to the closure of the Seraing number 6 furnace in April 2005. Seraing, the largest company in the port in terms of value added (VA), employment and investment, has had one of the most difficult years in its history from the social point of view.

The direct VA of the port of Liège dropped by 10.6 p.c. in 2003 against the previous year, falling to 1 billion euros. Major falls were recorded by shipowners and by the metallurgy, construction, energy and chemical industries, in contrast to trade which had quite a good year. Indirect VA also declined, namely by 10.9 p.c. Total VA, the sum of direct and indirect VA, came to 2 billion euros, or 0.7 p.c. of Belgium's GDP and 3.2 p.c. of Wallonia's GDP.

Direct employment was down by 9.5 p.c. from 2002 to 2003, dropping to 12,500 FTEs. The sectors affected were shipowners and all industries except food. With a 7.7 p.c. decline in the numbers employed by subcontractors, overall employment was down by 8.5 p.c. in 2003, at 28,500 FTEs, including the self-employed. This total is equivalent to 0.8 p.c. of Belgian domestic employment and 2.9 p.c. of Wallonia's employment. The proportion of employees, like the proportion of women, continued to decline, with a fall in the number of manual workers. As regards the various levels of education, the only increase in recruitment concerned university graduates. Training was concentrated on a smaller number of employees.

Investment in the port area was down by 21.4 p.c. in 2003 at 120.8 million euros. The most notable reductions were recorded in the iron and steel industry, construction and the food industry, while significant increases were seen in the maritime cluster, chemicals and energy.

Financially, the port of Liège presents a noticeably more optimistic picture. After a lack-lustre year, the net return on equity after tax staged a considerable recovery in 2003, in both maritime and non-maritime companies. Average net working capital dipped slightly, remaining positive but below the average level attained by Belgian non-financial corporations. The solvency of Liège businesses declined by 1.4 p.c. but remains well above the score achieved by companies on average. The percentage of businesses in difficulty increased by 2 p.c. in the Liège port complex in 2003, rising from 17.6 to 19.6 p.c. SMEs experience more financial problems than large firms. It is therefore important to encourage all policies providing assistance for SMEs, which are very numerous in the port of Liège.

Despite this rather mixed socio-economic situation and somewhat gloomy medium-term outlook, the port of Liège needs to capitalise on its strengths. For some years now, inland waterways – long neglected in favour of road and rail – have formed the focus of special attention on the part of governments. Improvements to the network of waterways, locks, and logistic parks such as the trimodal platform TriLogiPort at Hermalle-sous-Argenteau, cooperation between sea and river ports, the abolition of the navigation fees charged on Wallonian waterways and the massive redeployment plan involving companies such as Arcelor are all practical responses to the fears of those who expect the closure of the hot-rolling phase to mean the loss of one-third of the tonnage transhipped in the Liège basin, and in particular the loss of 2,700 direct jobs, likely to affect over 7,000 jobs altogether if subcontracting is included. The Walloon Region, in its plan of priority measures for the future of Wallonia, intends to assist SMEs and support the creation of high value added activities. In this connection, transport and logistics are two sectors offering considerable potential in Wallonia. More than ever, they are at the heart of the port facilities of Liège. The port of Liège needs to bring about the logistical conversion of the Liège basin, via specific projects and appropriate communication, in order to encourage the creation of value added and employment there.