# The more open your economy, the greater the wealth



Copyright Mark Van Couwenberghe (2026)

Belgium is **one of the most open economies** in the world.

With barely twelve million inhabitants, our country represents about 0,15% of the world's population, but it is **one of the twenty largest export countries in the world**.

Belgian **exports of goods and services amount to more than 80% of GDP**. One in three jobs in Belgium depends on exports.

The top three export products: **chemicals & pharmaceuticals, transport equipment and machinery**.

This means that a **large part of Belgium's wealth is directly dependent on international trade**. For a small economy without a large domestic market, this is almost inevitable.

Belgium simply cannot produce everything itself and therefore **has to involve itself in international production chains**. That is also where the power of an open economy lies.

This **strength makes our country prosperous, but it is also a vulnerability**, because every international shock hits Belgium disproportionately hard.



By being very open, you also **attract a lot of new technologies and large companies, e.g. through Foreign Direct Investments (FDI)**.

The openness has therefore done Belgium no harm.

Its **location in the heart of Europe and logistics hubs such as Port of Antwerp-Bruges** made the country an **important switching point in international trade**.



Today, **45% of Belgian exports go to three neighbouring countries: the Netherlands, Germany and France**.

Together with other EU countries, this **share rises to more than two-thirds of total exports**.

Despite globalization, **the Belgian economy remains strongly anchored in the immediate European environment**.





# INTERNATIONAL ECONOMICS

## AN INTRODUCTION

**International trade is the trade of goods and services between countries.**

**An outbound flow of goods and services is called export. An inbound flow of goods and services is called import.**

**There are several causes of international trade:**

- **Specialization:** countries focus on producing goods and services in which they have an absolute or comparative advantage. This creates surpluses that can be exported. Other goods and services are then imported.



- **Dependency:** countries may depend on other countries for the import of goods and services that they do not have and cannot produce, such as certain raw materials.

- **Sales markets:** countries with a (too) small sales market have to look for export markets to be able to sell their goods and services and grow.

- **Political ties**: countries with political ties trade more intensely because aligned political relationships reduce risk, lower transaction costs, and establish long-term commercial trust



**All export and import flows are recorded on the trade balance.**

**If exports are greater than imports, we are talking about a trade surplus.**

**If imports are greater than exports, we speak of a trade deficit.**

Free trade between countries leads to an **increase in wealth and prevents conflicts** such as wars.

The **World Trade Organization** promotes global fair free trade.

**Countries can introduce trade barriers if they believe that national interests are harmed.**

The **main forms of barriers to trade** are:

**- Import duties**
**- Export subsidies**

**This is called trade protectionism** and puts pressure on global wealth.



**Countries conclude trade agreements to create a win-win situation in mutual trade relations**, i.e. to take maximum advantage of the benefits of international trade.

This is a **first form of economic integration**.

Countries can take **further steps in economic integration** by establishing **free trade zones, customs unions, common markets, economic unions and monetary unions**.

