.be

Mridul Chowdhury, *Harvard University*
with **Thierry Hoffait,** *Steria sa/nv*

> " The regional competition in Belgium is a driving force for accelerated growth of IT in the country."
> —***Manager of Belgian IT company***

> " One of the main problems of doing IT business in Belgium is lack of laws, protection, and regulations—especially IT business regulations for citizens and companies—[these] are almost non-existent."
> —***Belgian IT executive***

Belgium's acceleration towards Readiness for the Networked World began later than in most other OECD countries. However, with an overall Networked Readiness Index ranking of eighteen, the nation is gradually catching up with other, more advanced European countries. Efforts to integrate Belgium into the Networked World have been initiated at the federal and regional levels, with independent ICT initiatives in the regions of Flanders and Walloonia. At the federal level, an umbrella policy, *Action Plan for the Information Society,* gives cohesion to national ICT efforts (Ranking in Effectiveness of Government ICT Programs: 26).

Belgium's Internet use received a substantial boost with the introduction of free Internet access in 1999. Today, a majority of home Internet users have free subscriptions.[1] Belgium's advanced cable infrastructure and high cable penetration (even by OECD standards) have provided the foundation for rapid diffusion of cable-based broadband (Ranking in Availability of Broadband: 7). Cable companies are increasingly upgrading their network infrastructure to provide Internet as well as telephony services.

In e-commerce and e-government, Belgium is making rapid progress, but still lags behind most major OECD countries. Many Belgian companies are engaging increasingly in electronic B2B e-commerce exchanges internationally and also within the country's borders. Belgium's domestic B2B e-commerce marketplace, called *3B Trade*, is a popular Internet-based auction for noncapital goods. The nation's innovative lead in electronic banking and wide use of an "electronic purse," known as the *Proton*, have helped boost B2C e-commerce[2] (Ranking in Use of Internet-based Payment Systems: 19). A number of e-government initiatives are also underway. The Belgian government, in its *Declaration of Federal Policy*, has emphasized the role of ICTs in modernizing public administration, and an ICT manager for federal public administra-tion has been appointed to coordinate e-government activities (Ranking in e-Government micro-index: 29).

Regional initiatives have been undertaken to encourage ICT diffusion into Belgian society. One project developed by the Flemish region, called *e-Television*, focuses on using TV as a digital platform for interactive learning.[3] The Walloon government has established the *Cyberécoles* (*Cyberschools*) network and, as of August 2000, provided schools in the region with more than 400 cyber media centers[4] (Ranking in Internet Access in Schools: 22). One challenge in creating a Networked Society is the Belgian population's diversity in language, making Internet content issues more challenging than in European countries where fewer languages are spoken.

One of the major hurdles to Belgian ICT development remains the telecommunications regulatory situation. Telecommunications costs remain high in Belgium, in spite of some major positive changes over the past three years, including opening fixed telephony service to competition; partial privatization of Belgacom, the main telecommunications operator; and reforms in telephony price structure (Ranking in Effect of Telecommunications Competition: 21). Due to a lack of an effective independent regulatory authority, Belgacom still retains much of the market share and a dominant influence on telecommunications price setting. Progress in improving the regulatory framework has been slow, particularly in unbundling the local loop, revenue collection models, and interconnection pricing. However, conforming to EU legislation on telecommunications liberalization should be a significant incentive for Belgium to hasten reforms in the sector.

Key Facts

Population	10,200,000
Rural population (% of total population) 1999	2.76 %
GDP per capita (PPP)	US$26,958
Global Competitiveness Index Ranking, 2001–2002	19
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	5
Main telephone lines per 100 inhabitants	49.93
Telephone faults per 100 main telephone lines	4.00
Internet hosts per 10,000 inhabitants	295.44
Personal computers per 100 inhabitants	34.45
Piracy rate	33.00 %
Percent of PCs connected to Internet	8.58 %
Internet users per host	8.99
Internet users per 100 inhabitants	26.57
Cell phone subscribers per 100 inhabitants	54.88
Average monthly cost for 20 hours of Internet access	US$5.59

RANK

Networked Readiness Index	**18**
Network Use component index	**22**
Enabling Factors component index	**17**
Network Access	**17**
Information Infrastructure	16
Hardware, Software, and Support	18
Network Policy	**22**
Business and Economic Environment	22
ICT Policy	22
Networked Society	**13**
Networked Learning	18
ICT Opportunities	6
Social Capital	14
Networked Economy	**22**
e-Commerce	24
e-Government	29
General Infrastructure	13