

BELGIAN BUSINESS BEYOND BORDERS

- *Robrecht Declercq & Kenneth Bertrams* -

This special issue “Belgian Business Beyond Borders” is devoted to the history of the international investments of Belgian business across the world, focusing on its political, economic and organizational aspects. The aim of the special issue is to present new research and perspectives on the operations of Belgian business abroad, centering on a few questions. What motivated Belgian entrepreneurs to take their activities elsewhere, outside national borders? What strategies did Belgian businesses develop in building and maintaining border-crossing activities and how did such strategies evolve? The aim of the SI is also to integrate colonial perspectives on these border-crossing activities, since Belgian FDI for a long time in the 20th century was overwhelmingly concentrated in the colonies, an observation that makes it hard to separate the history of colonial business with that of the international endeavors of Belgian business more generally.

A new special issue devoted to the international activities of Belgian business history is warranted more than ever. The paradigm of global and transnational history has crowded the agenda in business history. Businesses are increasingly seen as agents of globalization, spreading capital, technologies and people across the world, profiting from growing interdependencies as well as forging them.¹ Businesses are premier non-state actors in creating networks of production and trade as well as linkages between people and organizations in the modern world economy.

Yet, the history of border-crossing activities and internationalization of Belgian businesses has not always been treated as an independent subject in the historiography. While still highly valuable, some of the scholarship dealing with Belgian international investments is relatively old dating back to the 1980s and 1990s. These pioneering business history studies devoted their attention primarily to the late 19th and early 20th century, which marked the intensification of the activities of Belgian business abroad. Moreover, twenty years have gone since a special issue has been devoted to the state of Belgian business history. The issue of 2003 in this journal was primarily interested in new heuristics and methods of business history, setting the stage for further research, and motivating historians to connect the history of business to what happened beyond the company walls. Although articles were primarily devoted to domestic activities, they certainly mentioned the international dimensions of businesses and its research possibilities.² As of recent, however, there are many, valuable individual company histories that unpack the international strategies of Belgian firms, but as part and parcel of the company's growth and expansion. Many new company histories like that of AB-Inbev³ enlighten us for the more recent, postwar period.

This literature will be discussed below. All things considered: even though there are many important studies in Belgian business history, only few references are specifically devoted to the international activities, relations and practices of Belgian business abroad. The fact that the subject of international business activities remains underdeveloped is perhaps linked to the state of the discipline of business history in Belgium, which is hardly institutionalized certainly in comparison to neighboring countries.

The overview here is an attempt to capture the most important historiographical patterns. What follows below does not provide an exhaustive overview, but stresses what makes the activities of Belgian business, as a small, early industrializing and outward oriented country somewhat unique. Nor is it the aim of the special issue itself to provide such a synthesis. The overview highlights the causes of internationalization, the exceptional way in which Belgian businesses organized international investment through opaque and interlocking holding structures, the increased overlap between foreign investment and colonialism in the first half of the 20th century, and finally how border-crossing activities changed in the last decades of that century due to patterns of European integration and globalization, which intensified strongly post 1980. Some of these patterns – in terms of organization, the links with colonialism and finally the more recent developments – are thematically represented in this special issue.

Let us begin by stating the obvious. Belgium has been, and still is, an open economy, depending on connections abroad. Businesses faced a relatively small market, which forced them to focus on exporting a substantial part of their production or to find an outlet through foreign direct investment. The first industrializing pioneers like Cock-

1. GEOFFREY JONES, "Firms and Global Capitalism," in LARRY NEAL & JEFFREY WILLIAMSON, eds., *The Cambridge History of Capitalism: The Spread of Capitalism: From 1848 to the Present*, Vol. 2, Cambridge, 2014.

2. KRISTOF CARREIN, "De Sekwesterarchieven na Wereldoorlog I: beschouwingen over het ontstaan, het beheer en de aanwending voor (bedrijf)historisch onderzoek van een unieke verzameling bedrijfsarchieven," *Belgisch Tijdschrift voor Nieuwste Geschiedenis*, 23/3-4, 2003, 425-54.

3. KENNETH BERTRAMS, JULIEN DEL MARMOL, SANDER GEERTS & ELINE POELMANS, *Becoming the World's Biggest Brewer Artois, Piedboeuf, and Interbrew (1880-2000)*, Oxford, 2020.

erill established outlets abroad, especially in the neighboring countries like France and Germany. However, the First Global Economy, the period between 1870-1914, marked by more openness, a stable commercial climate and sharply declining transportation costs, provided the context in which capital exports and investments elsewhere in the world mushroomed.

It were the heydays of what is known as Belgian expansionism abroad, with Belgium figuring as one of the leading industrial-capitalist countries. By the turn of the century, Belgian firms were to be found in various parts of the world: in Eastern Europe, China, the Ottoman empire and in South America. Weighed against the small size of the economy, Belgian firms accounted for a disproportionately large number of FDI cases in that time.⁴ The activities abroad primarily reflected the core business of the heavy industry, most importantly building tramways, trains and railways, and investing in new public infrastructure and utilities. An important underlying motive for Belgian investments thus was to create outlets for industrial goods and capital. A top destination of the Belgian FDI flows was tsarist Russia of the late 19th century, a country where industrialization took off and abundant natural resources were to be found. Between 1890 and 1901, almost half of Belgian FDI went to the Russian empire. The Société Métallurgique Russo-Belge (established in 1895) emerged as a Belgian steel production conglomerate operating in the Don basin. 133 Belgian companies operated in the Donbas prior to World War I, in glass making, trams, salt, steel and coal mining. Roughly 10,000 Belgian workers moved to what became colloquially known as Belgium's 10th province.⁵ Outside this concentration in Ukraine, another illustration of the interest in Russia are the invest-

ments in the petroleum industry made by the Brussels-based banker Josse Allard.

From an organizational point of view, Belgian investments abroad were typically floated through overarching holding groups, that held different participations in a diversity of firms, and was marked by cross-ownership. In that sense, the ownership model behind domestic industrial groups was copied abroad. Typical was the phenomenon of mixed banks, groups that combined investment banking with participations in the capital of industrial and commercial companies. The largest and most well-known mixed bank in Belgium was the financial holding company Société Générale de Belgique established in 1822. From 1870 onwards the Société Générale de Belgique took direct participations in foreign companies, whereas previously it acted primarily as an issuer of shares and bonds on behalf of foreign (railway) companies.⁶ In 1913, about 50 % of portfolio of the SGB consisted of companies abroad.⁷ Next to its diversified portfolio it is worth noting that the Société Générale de Belgique also operated as a multinational bank, with branches in China (Tianjin and Beijing), as well as in the Congo. In 1934, in the wake of the banking crisis after 1929, deposit banking and investment banking were separated by law, transforming the SGB into a pure holding company separated from its banking activities (the Société Générale de Banque).⁸

That being said, holding companies seemed the typical route of organizing Belgian foreign direct investments abroad. Holdings often preferred minor or controlling positions rather than fully owning subsidiaries. Or they created specialized subholdings that managed specific portfolios. The Société Générale, for example, took a 25 % interest in co-founding the Société Métallurgique

4. ROBERT FITZGERALD, *The Rise of the Global Company: Multinationals and the Making of the Modern World*, Cambridge, 2015, 136.

5. WIM PEETERS & JÉRÔME WILSON, *L'industrie belge dans la Russie des tsars*, Liège, 1999; BRUNO DE CORDIER, « België's Tiende Provincie », website of Historiek, < <https://historiek.net/belgies-tiende-provincie/141515/> >, consulted on 13 March 2023.

6. MARTINE GOOSSENS & HERMAN VAN DER WEE, "Belgium," in RONDO CAMERON & VALERII IVANOVICH BOVYKIN, (eds.), *International Banking 1870-1914*, Oxford, 1991, 123.

7. RENÉ BRION & JEAN-LOUIS MOREAU, *The Société Générale de Belgique, 1822-1997*, Antwerp, 1998.

8. The Société Générale de Banque, later named Générale de Banque was acquired by Fortis in 1998.

Russo Belge, a joint-stock company that established in turn new metal industry companies in north Donetsk.⁹ Belgian investments abroad were very often part of larger, international consortiums promoted by different investment holdings. The Barcelona Tramways – that operated the tramway system in Barcelona – represents a clear example of such a collaboration. The Belgian holding company Sofina (Société Financière de Transport et d'Entreprises Industrielles) led the consortium with 23 other international partners.¹⁰ Such a huge consortium allowed Belgian companies to share risks as well as participate in large projects along the lines of their own specialization. Even a more typical “multinational” like Solvay also used the holding strategy, next to its network of production plants in England, USA (2 plants), Germany, Austria-Hungary, Italy and Russia (three plants), through the Mutuelle Solvay to expand and diversify internationally. By the late 1920s the Mutuelle – which was severely hit by the international financial crisis of 1929 – owned diversified positions in the chemical industry, but also bank, real estate and raw materials.¹¹

Few companies evince this pattern of holding capitalism so clearly as the Empain group, that built railways and trams in Paris, Russia and Egypt and also public utilities in Caracas in Venezuela. Edouard Empain profited from alliances in the financial circles of Brussels as well as Paris. Ginette Kurgan-Van Hentenryk once compared this group, and its pyramid-like structure with the family sitting on top of a complex holding company, with a Japanese Zaibatsu.¹² Tobit Vandamme’s recent doctoral dissertation showed how Empain shrewdly used this opaque structure as a leverage for aggressive international

expansion, through establishing new suborganizations and embedding numerous foreign and local partners. Shared ownership was permitted, however, as long as it didn’t fundamentally undermine the ownership of Edouard Empain and his family members. Vandamme also shows that co-involving different international partners brought along the potential political protection of other states. The activities of Belgian business abroad may for a number of these benefits have diverged from standard patterns of multinational behavior. It should be mentioned that the use of international consortiums was also well-established in sectors like public utilities and electrical industries, and therefore certainly not a uniquely Belgian thing. The result was that Belgian firms did participate heavily in a global boom of building infrastructure in utilities and transportation and industrialization abroad.

A second dimension of Belgian business abroad is the close relationship between foreign investment and colonialism. Initially, the actions of holding capitalism in the foreign investment *hausse* after 1870 had relatively little to do with the many projects of imperial expansionism promoted by Leopold II.¹³ Initially, private investors did not really see the need to channel their investments towards a politically controlled territory abroad, although some investment projects were closely linked to the imperial agenda. The building of railways in China befitted the attempt of Leopold II to gain a strong colonial foothold in China, amongst the larger powers, and the same goes for the ambitions and investments in some parts of Latin America, most notably the plantation project in Matto Grosso (Brazil).¹⁴ But generally, Belgian firms found their way abroad in Egypt, Latin America,

9. VAN DER WEE & GOOSSENS, “Belgium”, 124.

10. ALVARO FERREIRA DA SILVA & ISABEL BARTOLOMÉ RODRIGUEZ, “Electric Power Industry,” in TERESA DA SILVA LOPES, CHRISTINA LUBINSKI, & HIDI J.S. TWOREK (eds.), *The Routledge Handbook to the Makers of Global Business*, New York, 2020, 337. Josse Allard also participated in this consortium with 18%.

11. KENNETH BERTRAMS, *A Company in History: Solvay, 1863-2013*, 2013.

12. WILLIAM J. HAUSMAN, PETER HERTNER, & MIRA WILKINS, *Global Electrification: Multinational Enterprise and International Finance in the History of Light and Power, 1878-2007*, Cambridge, 2011, 53.

13. JAN FREDERIK ABBELOOS, “Belgium’s Expansionist History between 1870 and 1930: Imperialism and the Globalisation of Belgian Business,” in CSABA LÉVAL, (ed), *Europe and Its Empires*, Pisa, 2008, 105-27.

14. GINETTE KURGAN-VAN HENTENRYK, *Léopold II et les groupes financiers belges en Chine: la politique royale et ses prolongements, 1895-1914*, Bruxelles, 1972; EDDY STOLS, “Les belges au Mato Grosso et en Amazonie ou la récurrence de l’aventure congolaise,” in MICHEL DUMOULIN & EDDY STOLS, *La Belgique et l'étranger aux XIX^e et XX^e Siècles*, Bruxelles, 1987, 77-112.

Russia and China without the umbrella of empire, and showed a certain reluctance for investing in the colony. Leopold II nevertheless did offer exuberant benefits like enormous land grabs, underpaid and coerced labour, and capital guarantees which proved to be decisive.¹⁵ A watershed moment was the establishment in 1906 of three large companies: Union Minière du Haut Katanga (copper mining), Forminière (diamond), and Compagnie du Chemin du Fer du Bas-Congo au Katanga (BCK – railway transportation). These companies were also supported by American (Forminière) and British (Union Minière du Haut Katanga) capital.

Although FDI in the colony was on the rise prior to 1914, companies focused more intensively on the colony after the First World War. The occupation had badly shaken the economy and industrial infrastructure in Belgium, making it difficult to maintain ties with foreign subsidiaries. Geopolitical changes had also caused the loss of foreign assets, the most dramatic for Belgian business being the expropriations of private companies in the Soviet Union. In an atmosphere of nationalism during and after the War, private investors more easily jumped on the bandwagon of colonial investments. Between 1900 and 1910, the Belgian Congo accounted for 9,1% of all Belgian FDI, whereas during the 1920s, roughly 60% of all FDI went to the colony.¹⁶ Foreign investment in Congo totaled \$ 2 billion by 1959, primarily spearheaded by the mining industry.¹⁷ FDI in the colony was a project linked to postwar industrial recovery in the metropolis. Most clearly this happened in the non-ferrous sectors, where the sequestration of the German Metallgesellschaft and its factory in Hoboken was to serve as the primary destination for the booming mining activities in Katanga.

Other sectors like diamonds and later nuclear energy followed suit.¹⁸ Similarly, attempts were made to link the production of cotton to the Belgian textile factories, as one article of this SI shows. Add the political stability and various “benefits” enjoyed by the private sector (virtually no labour rights, accessible property, little competition), the Belgian Congo turned into an investors paradise. Large holdings and big businesses increased and focused their activities in the Congo. It is hard to ignore the large returns this generated. Between 1950-1955 colonial companies (registered in Congo) distributed 25% of all gross dividends, even though they were vastly outnumbered by their Belgian counterparts, 300 colonial companies versus 9,000 publicly registered companies in Belgium.¹⁹

The decades after 1960 marked a profound transition towards new investment patterns, not in the least informed by the loss of empire, Europeanization and eventually a new phase of hyper-globalization that gained force after 1980, although the precise extent to which these elements are interrelated remains open to further investigation. The links with the independent Congo did not disappear overnight, as two contributions of this SI show. Whereas large profits were generated in the colonies, business in Belgium suffered from stagnation. The traditional heavy industries (steel, coal mining) went in decline, mostly situated in the historical axis of industrialization in Wallonia and the Limburg area. At the same time, the epicenter of economic, industrial activities shifted to Flanders. Belgium also became a major destination for foreign direct investment, by the car industry and in chemicals. In 1965, General Motors decided to install a plant in Antwerp.²⁰ Conversely, Belgian business in this period of time mainly explored

15. FRANS BUELENS, *Congo, 1885-1960 : een financieel-economische geschiedenis*, Berchem, 2007, 104-5.

16. GUY VANTHEMSCHE, *Belgium and the Congo 1885-1980*, Cambridge, 2018, 167.

17. EMIZET FRANCOIS KISANGANI & SCOTT F. BOBB, *Historical Dictionary of the Democratic Republic of the Congo*, Lanham, 2009, 185.

18. ROBRECHT DECLERCQ, “The Congo Cartel: Governing Raw Materials Chains and Socio-Economic Stability 1918–1950,” in SUSANNA FELLMAN & MARTIN SHANAHAN, (eds.), *A History of Business Cartels : International Politics, National Policies and Anti-Competitive Behaviour*, New York, 2022, 249-66.

19. KRISTOF SMEYERS & ERIK BUYST, *Het gestolde land : een economische geschiedenis van België*, Antwerpen, 2016.

20. ANDREW J. JACOBS, *The Automotive Industry and European Integration : The Divergent Paths of Belgium and Spain*, Cham, 2019, 92-93.

the opportunities offered by the (slowly starting) process of economic integration after the Treaty of Rome in 1957. Exports to the EEG partners almost doubled between 1957-1962, in the anticipation of a fully integrated market that was still in the scaffolds.²¹ Taking advantage of the new international economic constellations of Europeanization and globalization, was a new generation of Belgian multinationals, like UCB and AB-InBev, although holding companies with a global reach still feature prominently. A profound transformation was the decline of the Société Générale de Belgique, after it was taken over in 1988. The rise of new important Belgian companies abroad is best documented by recent in-depth company histories of UCB (pharmaceuticals) and AB-Inbev (Beer). The recent volume on the history of AB-Inbev forms a landmark study of our understanding of how a Belgian company, emerging from national concentration, came to be at the forefront of rapid economic growth and globalization.²² The fact that some of these works were commissioned, also signals an increased interest from the world of business in the company's (international) past. Yet obviously also here, much remains to be said of how Belgian businesses exactly stepped into the new wave of globalization.

The aim of this overview is to provide an image of how Belgium's largest enterprises functioned, both domestically and across borders: where they operated and what strategies they pursued. In doing so, the special issue is a collection of essays that reflect the most recent insights and research directions, informed by new methodologies and new cases. The special issue *Belgian Business Beyond Borders* is a deepening of earlier research, and readers will find new insights by how papers explicitly question how and why Belgian businesses pursued and managed their investments abroad. It offers new perspectives on Belgian expansionism before the First World War, with an article on Belgian investments in Egypt. Since it

was for a considerable part of the 20th century an outlet for Belgian FDI, the SI puts emphasis on the activities of Belgian firms in (post)colonial settings. It offers three new essays in that respect: on the colonial relations of the Ghent textile industry, a new appraisal of the strategies pursued by Belgian business after independence of the Congo in 1960, and the nationalization of the largest multinational abroad: Union Minière du Haut Katanga in 1967. Finally, two essays deal with more recent episodes, by focusing on the multinational activities post 1945 of AB-Inbev and UCB.

The contribution of Jan Vandersmissen and Christophe Verbruggen investigates Belgian investments in Egypt using network analysis, sharpening our knowledge of the complex ways in which investments abroad were organized. It underlines the importance of cooperation, either amongst Belgian investors, or local elites, through the concept of interlocking directorates, which reflects or interacted with the functioning of power networks in Belgium as well as internationally. Interlocking directorates were a typical *modus operandi* of Belgian expansionism in the era of imperialism, that linked firms, investments and assets in Egypt to holding and metropolitan companies. It reduced risks but also allowed to expand rapidly, a strategy that waned and declined in the face of mounting nationalism after 1940.

The article of Sven Van Melkebeke describes the creation of Congolese cotton and textile industries in relation to the textile industry in Ghent. In that respect, it is a typical example of how the international orientation of Belgian business shifted towards to colonies in the early 20th century, in order to integrate resource production in the Congo more firmly to industrial production in Belgium. The establishment of the conglomerate UCO in Ghent provided scale increase but also opened the door for investments in Congolese cotton and textile production. The article of Sven

21. RENÉ BRION, PAUL HATRY, JEAN-LOUIS MOREAU & THEO PEETERS, *100 Jaar Actie voor de Onderneming. Verbond van Belgische Ondernemingen*, Tiel, 1995, 136.

22. BERTRAMS ET AL., *Becoming the World's Biggest Brewer Artois, Piedboeuf, and Interbrew (1880-2000)*.

Van Melkebeke explores the importance of these new international orientation of the textile industry between 1880 and 1960.

The article of Robrecht Declercq examines what happened to Belgian business in the Congo after independence of 1960, by focusing on the large companies that dominated the economy and the strategies that were developed as to maintain these investments. The article shows how businesses tried to maintain political influence by creating new business interest associations, but also pursued a wide set of strategies in response to decolonization: a shift to service-oriented business models and international diversification. Decolonization thus triggered a wave of new investments, mostly in the postcolonial world. The article also shows the importance of expat communities as a way to safeguard and sustain interests in the Congo.

The contribution of Maite Van den Borre investigates the end of one of Belgium's largest colonial multinationals of the 1960s, Union Minière du Haut Katanga. Based on an in-depth analysis of new source material, Van den Borre unpacks the motives, negotiations and aftermath, showing how the nationalization of 1966-67 was driven by political considerations, but that the practical business, technical and marketing problems as well as the international context of the Cold War circumscribed the ambitions of establishing economic sovereignty in the independent Congo. In the end both parties could claim a victory, a symbolic removal of the company's assets but at the same time, Belgian business interests maintained their interest in the copper industry of the Congo.

Kenneth Bertrams' contribution is an account on the gradual transformation of the multi-faceted chemical firm UCB created by the entrepreneur Emmanuel Janssen into a full-fledged biopharma company at the eve of the 21st century. Drawing on previously unexplored first-hand evidence, the article seeks to emphasize the importance of an early-built network of international subsidiaries that helped UCB to focus on its Pharma Division, which was by far the smallest piece of the amalgamation at the creation in 1928. It shows how the company relied on the financial distribution of its various departments and its commercial dynamics to mark an end to the "hybrid" company that characterized UCB until the late 1990s. But it also shows that a family business can make a different use of its history by undertaking risky avenues.

Finally, the article of Julien del Marmol examines the international expansion of Piedboeuf-Artois in France before it transformed into the largest beer multinational of the world AB-Inbev. It shows how initial steps of expansion abroad were pursued once national concentration was achieved. If anything, the attempts to break into the French beer and drinks market proved to be an arduous task. The article shows how these attempts were formative experiences, and despite drawbacks that entrepreneurs in the company learned valuable lessons in terms of the potential of Belgian specialty brews and that size mattered: an incremental approach to build up market share proved to have its limits. Learning from doing however prevented later mistakes, and consequently the first internationalization experiences have been foundational in the transformation of the later success of AB-Inbev in the 1990s.

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with Nicolas Coupain and Ernst Homburg (Cambridge UP, 2013). With Julien del Marmol, Sander Geerts, and Eline Poelmans, he has published the first archive-based history of the multinational brewer AB-InBev (Oxford UP, 2020). His other research interests include cultural and scientific diplomacy and the international circulation of philanthropy. kenneth.bertrams@ulb.be

