

Update of
the Economic Impact
of the European and International
Institutions on the
Brussels-Capital Region

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1 Preliminary and methodological note

This report contributes to the update of ‘Bruxelles-Europe en chiffres’ version 2015 regarding the impact of the European and international institutions (EII) on Brussels employment and economy. This contribution aims to strengthen the scientific and methodological analysis framework, based on the analyses and data provided by visit.brussels and the available studies of the previous years. More specifically, the impact analysis presented here is based on the study made for the Europe Brussels Liaison Office by ULB-IGEAT in March 2007 under the direction of Christian Vandermotten¹. In this perspective, three fundamental factors merit consideration:

1. **The methodology has not changed**, more specifically concerning the sectoral impact coefficients (cf. the appendix of the study by Vandermotten), as we want to retain comparability between the results of both studies.
2. **Data update:** the first study refers to the year 2004, requiring an update for the year 2013-2014 and the elaboration of a temporal comparison. The selection of the year is related to the most recent availability of data.
3. **The availability of new data** on the EII improves the precision of the data and estimates in this report. These new data have become available thanks to specific research of visit.brussels directly from the sources of the EII, allowing for a more comprehensive perspective, particularly on the employees of the EII.

In this framework two important remarks have to be made. The first concerns the distinction between **recorded data and estimates**. Data on the workforce of the EII, officially registered journalists, diplomatic staff and intergovernmental organizations are based on information directly gathered by visit.brussels. On the other hand, data on the impact on employment and added value, or the classification of lobbyists, are just estimates. This causes a large margin of uncertainty, as the data estimations are based on theoretical conclusions which will not be discussed in this update. In order to retain comparability with the existing data, we have used the same theoretical deductions as those of the study by Vandermotten. In the final section (Section 6), we will propose possible improvements for a more comprehensive study of this topic.

The second important remark concerns **the distinction in terminology between ‘European’ and ‘international’** (the latter in the case of Brussels referring most often to NATO and, in a quantitatively more restricted manner, to other supranational institutions present in the BCR). This fundamental distinction is very often neglected, causing significant and very problematical confusion, in particular

¹ The study can be consulted on the following link
http://www.blbe.be/sites/default/files/blbe/files/Studies/Etude_dimpact_ULB_2007_.pdf

regarding statistical data. The ‘European’ institutions and organizations relate to a legal framework including the free circulation of individuals and capital, which is not necessarily true for the international institutions, ruled by specific intergovernmental agreements. Also the legal status of European citizens in Belgium differs from that of non-Europeans. This reality has very important implications for the manner in which data are recorded in the official statistics. For that matter, this report does not aim to enter into the methodological and social-economic implications of these distinctions. We should remember that ‘European’ and ‘international’ are not to be considered synonyms, neither statistically or conceptually, although one can observe comparable impacts on the BCR in social-economic terms. We therefore suggest the use of the acronym ‘EII’ in order to underline **that the European and the international institutions should be considered separately.**

Following this introduction, **the report is divided into five sections.** In section 2, we present the key results in terms of impact on employment and added value. Section 3 is an update of the results regarding the EII. Sections 4 and 5 provide detailed estimates of the impact on respectively employment and added value in the BCR. Finally, in section 6, we propose improvements for a better evaluation of the various social-economic impacts and other dimensions to be considered.

2 General results and overview of the impacts

The objective of this study is to provide an update of the data on the impact of the European and international institutions (EII) on the economy of the BCR. We have used a methodology similar to that of the study by Vandermotten (op. cit.), in order to carry out a comparative study, although the availability of new data and changes of the Belgostat database partially impairs the comparison.

The number of jobs in the European institutions has increased from 27,000 in 2004 to 40,000 in 2013, whereas that of the international organizations and institutions has increased from 5,000 to about 8,000; either because of the inclusion of new intergovernmental organizations in the statistical analysis, or because of an effective increase of this presence. Globally the **EII jobs have increased from a total of 32,000 in 2004 to 49,000 in 2013**, plus 5,400 employees with diplomatic status (including missions with NATO and the EU). The number of jobs directly related to the EII (journalists, lobbyists...) is estimated to have increased from 27,000 to 33,000. However, problems with the definition of this category of 'directly' EII related jobs persist, in particular concerning the definition of 'lobbyists'. Finally, the **estimated indirect impact on employment in the BCR has increased from 35,000 in 2004 (5.4% of the total) to 40,000 in 2013 (5.9% of the total)**. When we add up all categories, the EII jobs and the jobs directly or indirectly related to the EII have increased from 94,000 in 2004 (13.5% of the total number of jobs in the BCR) to 121,000 in 2013 (16.7%).

The impact on the added value in the BCR is more complex to estimate. However, if we use a methodology similar to that proposed by Vandermotten, we can assess a growth of the **estimated indirect impact from 4,800 million euros in 2009 to 5,000 million euros in 2013**. This represents an important growth in absolute numbers but does not match the growth of the regional economy, as its relative weight decreases from 8.2% in 2009 to 7.9% in 2013. This means that the **indirect impact of the EII is growing, albeit slower than the rest of the economy of the region**, a sign of a more positive dynamism of other sectors; whereas statistical problems arise when one tries to estimate the added value of activities directly linked to the EII.

Table 1. Summary of the impact results

JOBS	2004		2013
Jobs in EII and diplomatic missions	32,000		54,000
Directly linked jobs (estimated)	27,000		33,000
Estimated impact on BCR employment	35,000		40,000
TOTAL	94,000		121,000
Relative weight in BCR employment	13.5%		16.7%
ADDED VALUE		2009	2013
Added value of the EII (Added value of directly linked activities cannot be estimated).		173 Million EUR	252 Million EUR
Impact on the added value		4.800 Million EUR	5,000 Million EUR
Relative weight of the added value to the BCR		8.5%	8.3%

3 European and international presence in Brussels

Jobs within the European institutions are represented in table 2, based on the official data received from the European institutions. A total of 42,000 individuals is reported. This is more than in the previous study, which mentioned 27,000. The absolute number of European institutions has of course increased, but some categories merit special attention. For instance the number of interns should be halved, as the 'blue book intern' programme provides for a period of a single semester. Also political personnel (members of the European Parliaments, MEP, and their assistants) has a somewhat 'nomadic' life, as a consequence of the calendar of the European Parliament, which each month assembles for one week in Strasbourg. During the other weeks, most activities take place in Brussels, but this personnel often has to return to their own countries in the context of their political activities. Taking a cautious approach, we suggest an estimate of about **40,000 individuals working permanently for the EU in Brussels**, which still represents an increase of 25% compared to 2004.

Table 2. Direct EU employees (Source: European Institutions, 2014).

EMPLOYEE TYPE	PARLIAMENT	COUNCIL	COMMISSION	COMMISSION AGENCIES ²	COMMITTEE OF THE REGIONS	ECONOMICAL AND SOCIAL COMMITTEE	TOTAL
Civil servants	2,706	2,692	16,540	n/a	439	649	23,026
Temporary personnel	813 ³	135	907	n/a	58	77	1,990
Contractual personnel	789	177	4,158	n/a	40	44	5,208
Parliamentary assistants	1,620	0	0	n/a	0	0	1,620
Local law agents	0	0	22	n/a	15	8	45
Seconded national experts	26	20	870	n/a	7	0	923
Members of European Parliament (MEP)	753	0	0	n/a	0	0	753
Other	0	1	2,695	n/a	1	3	
TOTAL PERSONNEL	6,707	3,025	25,192	3819	560	781	40,084
TOTAL INTERNS	376	95	1,258		62	76	2,243
TOTAL							42,327

² ESA, EDPS, EPSO, ERCEA, INEA, EDA, EDEO, REA, EASME, EACEA.

³ Temporary staff for the Parliament: 224 at the General Secretariat and 589 at political groups.

The sector of the **intergovernmental organizations** is much more complex. Official data received directly from the relevant organizations mention a total of 3,896 employees, including 145 diplomats, of the intergovernmental organizations officially registered in the BCR⁴. This definition covers organizations with very different functions and roles⁵, but all of a supranational nature and established in Brussels, according to international agreements. NATO personnel is partially included in these numbers as employees of an intergovernmental organization, but the staff of national delegations linked to NATO is excluded⁶. We will make a more precise calculation further on. visit.brussels has compared these data with the social security statistics: 190 employees of intergovernmental organizations are registered with Belgian social security and thus employed under Belgian law. Unfortunately, most employees under ‘non-Belgian’ law cannot be classified with certitude, which precludes a more precise classification. Considering the specific status of each intergovernmental organization and the very mobile nature of this type of supranational civil servants, it is difficult to verify how this number is included in the other statistical sources. These data are lacking in the study by Vandermotten, precluding a comparison, but do allow for a richer and better defined framework.

Lastly, we should consider the **diplomatic staff and diplomatic delegations**. The Federal Public Service Foreign Affairs gives an official number of 5.400 diplomats, of whom 1.112 in national delegations and third country missions linked to NATO, including 145 international civil servants belonging to intergovernmental organizations. For the remaining 4,143 diplomats a distinction has to be made between those working for foreign embassies to Belgium (a function found in all capital cities) and those belonging to permanent delegations to the EU. Qualitatively speaking, we know that the permanent delegations have hardly any diplomatic personnel, but once again one would need to analyse the internal organization of each diplomatic mission of each country, making a distinction between European and extra-EU states, in order to obtain a precise number. Apart from personnel with a strictly diplomatic status, diplomatic missions employ 4,250 individuals, of whom 1.968 with a ‘non-Belgian’ legal status. Again, a more precise classification of these employees under ‘non-Belgian’

⁴ An intergovernmental organization is an organization under international public law founded by at least two States, through an international convention. These statistics were provided by email by the Federal Public Service Foreign Affairs, Direction du Protocole, Privilèges et Immunités (P1.3). They reflect the situation in October 2014 and list the number of intergovernmental organizations excluding European organizations, with the exception of the Direction des écoles européennes, an intergovernmental organization independent from the European Commission, with which Belgium has concluded a headquarters agreement. Various entities of the United Nations have concluded a unique headquarter agreement with Belgium but present themselves to the outside world as distinct organizations (definition received from Visit.brussels).

⁵ List of the officially registered organizations: BIT, OMS, World Bank, FAO, UNESCO, UN Brussels, Conseil supérieur des Écoles européennes, Conseil de coopération douanière, Benelux, Council of Europe, Groupe des États ACP, EUA, Eurocontrol, ESA, BITD, OIM, African Union, Arab League, CTA, EFTA, GCC, IRCC, EFTA Supervisory Authority, OIF, Energy Charter Secretariat, UEMOA, European Patent Office, IMF, COMESA, CEDEAO, ICMPD, CEFTA, Regional Cooperation Council, CIMM, IMG, International Federation of Red Cross and Red Crescent Societies, OIC, IDEA, OIE, AER.

⁶ These data are slightly underestimated, as for security reasons some organizations provide a rounded number of employees.

law remains impossible. Finally, one should consider that the personnel of diplomatic missions is highly mobile, for reasons strictly linked to their function.

Among the **intergovernmental organizations**, **NATO is probably the largest employer, with 4,578 employees**, including personnel of the national delegations working with NATO and not included in the total number of employees of intergovernmental organizations. NATO employees are divided over the national delegations (2,170), third countries (326) and the remaining NATO personnel (2,082). A significant part is represented by Belgians, with 762 individuals (16.6% of the total). We however propose to assimilate Belgians working for NATO with other nationalities, because of the international dimension of their functions and jobs.

Table 3. Staff of diplomatic missions and intergovernmental organizations

(Source: visit.brussels, 2014).

EMPLOYEES OF INTERGOVERNMENTAL ORGANIZATIONS	3,896 (of whom 190 under Belgian law (of whom 2,082 with NATO)
DIPLOMATS	5,400 (of whom 1,112 with NATO) (of whom 145 civil servants with diplomatic status)
EMPLOYEES OF DIPLOMATIC MISSIONS	4,250
TOTAL	13,546

A final category is difficult to identify in the current statistics. It consists of journalists and lobbyists. For **journalists**, official data do exist, as they are registered with the EU Commission and Parliament. These data suggest an annual average of 1,000 individuals, comprising journalists, camera men and other press personnel authorised to enter the EU buildings and permanently based in Brussels. A problem arises with the legal status of Belgian journalists working for Belgian media, foreign journalists delegated to Belgium, and journalists specialized in EII employed under Belgian law (and therefore recorded in the official statistics).

For **lobbyists**, the estimate is much more uncertain. Dieter Plehwe⁷ gives an estimation of about 15,000 to 20,000 lobbyists in Brussels. This is the most generally accepted number, but it is subject to

⁷ http://media.arbeiterkammer.at/wien/MWUG_Ausgabe_113_englisch.pdf

very significant limitations. Firstly, the evolution of this number is unclear. It appears to be constant since the end of the 1990s/early 2000s, up until 2012 (the year of the study), which seems implausible; either because of an initial overestimation, or because of an actual underestimation, linked for instance to the expansion of the EU since 2004. Plehwe acknowledges this limitation and suggests not to take into consideration the initial number for the end of the 1990s. Doing so, one could suppose an increase of the number of lobbyists with about 5,000 units, in addition to the 27,000 jobs directly related to the EII, as estimated by Vandermotten. Secondly, the statistics do not include the ‘lobby commuters’, mostly from London or Paris, which have good train links with Brussels, or flying in and remaining for several days, mainly during the sessions of the EU Council or Parliament. This category can be considered as part of the ‘business tourism’ related mainly to the EU. Finally, the most problematic dimension concerns the nature of the employment laws regulating ‘lobbyists’ and generally all jobs directly related to the EII, which consequently do not form an official statistical category. As a matter of fact the legal status of lobbyists is very problematic and remains a conceptual unknown in the construction of this category. Are lobbyists already integrated in the official statistics, as employees under Belgian law or not? Are they delegated employees of their country? And if they are already recorded (which is probable), how can they be identified within the existing employment categories?

Table 4 presents a synthesis of these data. Although the data sources have been verified by visit.brussels, stemming directly from the European institutions, NATO and the Federal Public Service Foreign Affairs, a margin of uncertainty remains on the correlation of these data with the official Belgostat statistics. The hybrid nature of some of these categories would require a much more thorough analysis. For this reason, we here prefer to rounded data, with the purpose of providing an update of the aggregated impact on employment and the economy.

Table 4. Summary of EII related personnel

CATEGORIES	NUMBER OF JOBS	REFERENCE LAW	STATISTICAL SOURCE
EU personnel	40,000	European	Extraterritorial accounts
Personnel of diplomatic missions (diplomats + employees)	9,650	International	Extraterritorial accounts
Personnel of intergovernmental organizations⁸	4,000	Mainly international	Mainly extraterritorial accounts
Journalists	1,000	Unknown	Uncertain (prob. nat. accounts)
Lobbyists	20,000	Unknow (prob. Belgian)	Uncertain (prob. nat. accounts)
TOTAL	74,650		

⁸ NATO personnel is divided over the categories of diplomats and employees of intergovernmental organizations.

4 Impact on employment

The study by Vandermotten estimates that the direct employment in 2004 represents 4.4% of the total number of jobs in the BCR. We have repeated this calculation using the new available data transferred from the National Social Security Office (NSSO) to Belgostat. This has two important consequences. Firstly, it is easier to compare the results of 2004 with those of 2013. Secondly, in the cited study by Vandermotten, it remains unclear if the estimate regards jobs per individual or as ‘full time equivalent’, which can lead to an important difference with the NSSO data.

Table 5 shows a significant increase in EII jobs, caused either by the expansion of the EU (from 27,000 to 40,000 jobs), or by a better definition of the data on intergovernmental organizations and the employees of diplomatic missions. The number of jobs has increased from 5,000 (estimate of Vandermotten for 2004) to about 9,000 jobs in 2013. The new estimate is more precise, as it indicates a **very significant increase of EII jobs from 4.7% to 6.5%**. This increase is even more significant when one considers that the total number of jobs in the BCR has climbed from 685,000 in 2004 to 738,000 in 2013, representing a growth of 7.7%, whereas the number of jobs in the EII has increased with about 50%, from 32,000 to 49,000.

Table 5. Weight of the EII in BCR employment (Source visit.brussels, my elaboration).

JOBS (in thousands)		2004	2013
TOTAL RECORDED EMPLOYMENT IN THE BCR		653	689
EUROP. & INTERN. JOBS NOT IN NATIONAL ACCOUNTS (EXCLUDING DIPLOMATS)	TOTAL	32 ⁹	49
	EU	27	40
	INTERGOV. ORG.	5	5
	DIPL. MISSIONS		4
CORRECTED TOTAL EMPLOYMENT IN THE BCR		685	737
SHARE OF DIRECT EMPLOYMENT BY EUROP. & INTERN. INSTITUTIONS (%)		4.7%	6.5%

In order to estimate the number of indirect jobs in the BCR related to the EII, we propose to repeat the estimations, following the method used by Vandermotten (cf. Appendix 1 of the cited report) and using the same coefficients. From a methodological point of view, two elements should be considered. The coefficients are mostly estimates, which is quite reasonable, whereas it would be desirable to realize a study in order to better calibrate each coefficient (cf. the case of the impact on hotels, which is not estimated but based on a study of ‘business tourism’ in Brussels). Secondly, the coefficients are

⁹ Data from the Vandermotten study (table 1), but with a total number of recorded jobs referring to Belgostat instead of the NSSO.

considered to be static, which is reasonable for a study concentrating only on the year 2004, whereas one could envisage dynamic coefficients that evolve in time and can capture the cumulative effects of the social and economic impacts of the EII in the BCR. Considering the comparative purpose of this study, we shall always use static coefficients, as in the study by Vandermotten.

Table 6 presents the evolution of the impacts on employment in each sector. One observes a real increase of employment in the BCR, from 650,904 to 688,668 jobs, looking only at the jobs recorded by Belgostat for the BCR. This means an increase of 5.8% in about a decade, an important result taking into account the crisis period of 2008-2010. In terms of the impact on employment of the EII, one notes an **increase from 35,000 jobs in 2004 to 40,000 indirect jobs in 2013**, a significant result as the **percentage increases from 5.4% to 5.8% of the job total in the BCR**, with a relative growth of 14.2%. This means that the impact in terms of jobs is considerable, even when using very cautious coefficients, as in the study by Vandermotten.

Table 6. Impact on employment (Source: Belgostat, my calculation).

	JOBS IN THE BCR			IMPACT	ESTIMATIONS		
	2004	2009	2013	IMPACT COEF.	2004	2009	2013
Agriculture, forestry and fisheries (1-3)	246	120	111	0.00	0	0	0
Industries (4-39)	41,443	32,612	28,434	0.00	0	0	0
Construction (41-43)	17,469	20,927	21,372	0.15	2,620	3,139	3,206
Automobile and motor trade and rep. (45)	7,783	7,019	6,291	0.08	623	562	503
Wholesale commerce ... (46)	35,819	32,211	28,691	0.00	0	0	0
Retail commerce ... (47)	32,276	34,255	35,491	0.12	3,873	4,111	4,259
Land and pipeline transportation (49)	20,119	15,704	16,445	0.04	805	628	658
Transportation by water (50)	13	19	19	0.00	0	0	0
Transportation by air (51)	480	447	381	0.45	216	201	171
Warehousing ... transportation (52)	5,748	11,621	12,344	0.08	460	930	988
Mail and courier activities (53)	8,982	6,642	5,709	0.02	180	133	114
Hotels and restaurants (55-56)	25,442	26,282	26,670	0.40	10,177	10,513	10,668
Publishing, TV and telecommunications (58-63)	33,664	32,225	31,449	0.00	0	0	0
Financial service activities ... (64)	44,568	38,914	35,296	0.02	891	778	706
Insurance (65)	15,489	16,130	16,154	0.02	310	323	323
Financial and insurance activities (66)	7,200	7,218	6,778	0.02	144	144	136
Real estate activities (68)	5,993	5,733	5,847	0.15	899	860	877
Legal and accounting activities (69-70)	41,059	55,633	60,485	0.08	3,285	4,451	4,839
Architectural and engineering activities ... (71)	6,562	8,001	8,767	0.00	0	0	0
Scientific research-development (72)	1,530	1,703	1,509	0.00	0	0	0
Advertising and other specialist activities (73-75)	10,386	8,960	8,499	0.00	0	0	0
Rental and leasing activities (77)	1,598	1,346	969	0.10	160	135	97
Employment related activities (78)	17,019	14,408	14,075	0.00	0	0	0
Travel agency activities ... (79)	1,984	1,744	1,676	0.00	0	0	0
Investigation and security ... (80-82)	17,686	29,842	37,099	0.08	1,415	2,387	2,968
Pub. Admin. ... (84)	111,573	117,648	119,559	0.00	0	0	0
Education (85)	42,924	49,190	54,195	0.00	0	0	0
Human health activities (86)	34,869	36,131	39,003	0.08	2,790	2,890	3,120
Social action with or without housing (87-88)	21,644	25,110	29,351	0.08	1,732	2,009	2,348
Creative, artistic etc. activities (90-92)	4,774	5,171	4,809	0.08	382	414	385
Sports and recreation activities (93)	2,339	2,493	2,784	0.08	187	199	223
Associative organization activities (94)	12,243	15,340	16,969	0.02	245	307	339
Repair... of personal goods ... (95)	1,674	1,312	578	0.00	0	0	0
Other personal services (96)	5,081	5,049	5,208	0.08	406	404	417
Domestic activities ... (97-98)	13,225	7,766	5,651	0.08	1,058	621	452
TOTAL	650,904	674,926	688,668		34,860	38,147	39,809
					5.4%	5.7%	5.8%

Finally, we propose to repeat the analysis in Table 4 of the study by Vandermotten, synthesising the impact on employment. The data in the following table (Table 7) are somewhat different, in particular because of the use of various databases and a calculation error in the cited study. Anyhow the results provide an interesting evolutive synthesis of the impact in terms of jobs.

Table 7 gives the most comprehensive possible perspective on the impact on jobs in the BCR. Two elements need to be mentioned. The first is the absolute growth of the EII sector, determined by the availability of new data, especially concerning the intergovernmental organizations and the diplomatic missions, together with an absolute increase of the number of jobs in the EII. The second factor is the **increase of the relative weight from 13.5% in 2004 to 16.7% in 2013**, a result in line with the previous estimates (12.6% for 2004 in the cited study, but using a different database), showing an important evolution in both absolute and relative terms..

Table 7. Synthesis of EII related jobs (source visit.brussels, Belgostat, my elaboration).

JOBS¹⁰	2004	2013
Jobs in the European institutions (a)		40,000
Jobs in intergovernmental organizations (b)	32,000	4,000
Personnel of diplomatic missions (diplomats + employees) (c)		9,650
Jobs directly linked to European and intern. Institutions (d)	12,000	13,000
Jobs in enterprise and financial services related to the institutions (lobbyists...) ¹¹ (e)	15,000	20,000
Indirect jobs (f)	34,860	39,809
Recorded jobs (including e and f)	650,904	688,668
Corrected total of jobs in the BCR (recorded jobs + a + b + c + d)	694,904	755,318
Share of direct jobs, related jobs and jobs created by the European and international institutions	13.5%	16.7%

¹⁰ Categories a, b and c are not accounted for in the Belgostat employment statistics for the BCR, whereas categories d and e are included.

¹¹ Estimates of D. Plehwe.

5 Impact on added value

Added value is a fundamental dimension for the calculation of the GDP and thus for the metrics of the BCR economy. For a discussion of the analysis method we refer to the study by Vandermotten. Here we only want to stress the **legally hybrid nature of the considered sectors**, especially those linked directly and indirectly to the EII. This does not allow us to classify them with certitude as regional streams (included in the statistics and taxed under Belgian law), or as extraterritorial (or even international) streams with different taxation regimes. For this reason, we will restrict ourselves to the calculation of the added value without an estimation of the GDP, in order to avoid conclusions which would require a more profound discussion. Finally, as for employment, we use the same impact coefficients as the cited study.

The impact on added value is relatively higher than that on employment: an impact of about 8% on the added value in the BCR versus an impact of 5.75% on employment in the same period (2009 – 2013). On the other hand, we observe a relatively negative trend, with a decrease of the impact on added value from 8.2% in 2009 to 7.9% in 2013. This result merits attention, as the **impact in absolute value increases from 4,800 million euros in 2009 to about 5,000 million in 2013**, but at a lower rate than the rest of the region's economy. In conclusion, **the impact is large and positive, but with a relative effect weakened by the dynamism of other sectors which are not directly related to the EII**. From a theoretical point of view, this result is not surprising, as we are talking about a fundamentally public sector not influenced by the conjuncture.

It should be stressed that one cannot estimate the impacts of jobs directly linked to the EII, such as journalists and lobbyists, because of the lack of clarity of their legal status. They can therefore not be correctly classified in terms of added value. This problem is also linked to the question of the method for the estimation of the fiscal streams related to these functions, which are not legally clear and would require a specific analysis.

Table 8. Impact on the added value (Source: Belgostat, my elaboration).

	ADDED VALUE IN THE BCR		IMPACT	ESTIMATES	
	2009	2013	IMPACT COEF.	2009	2013
Agriculture, forestry and fisheries (1-3)	6.5	8.8	0.00	0	0
Industries (4-39)	4328.8	4143.2	0.00	0	0
Construction (41-43)	1709.1	1827.2	0.15	256	274
Automobile and motor trade and rep. (45)	527.9	664.2	0.08	42	53
Wholesale commerce ... (46)	3490	3669.8	0.00	0	0
Retail commerce ... (47)	1745.7	1942.8	0.12	209	233
Land and pipeline transportation (49)	877.4	1009.4	0.04	35	40
Transportation by water (50)	2.1	24.4	0.00	0	0
Transportation by air (51)	32.4	31.6	0.45	15	14
Warehousing ... transportation (52)	1645.4	1670.3	0.08	132	134
Mail and courier activities (53)	2950.1	2654.3	0.02	59	53
Hotels and restaurants (55-56)	1069.8	1257.1	0.40	428	503
Publishing, TV and telecommunications (58-63)	2279.8	2480.3	0.00	0	0
Financial service activities ... (64)	6500.4	7394.1	0.02	130	148
Insurance (65)	2173.5	3086.4	0.02	43	62
Financial and insurance activities (66)	1053	1115.4	0.02	21	22
Real estate activities (68)	3775.2	3937.9	0.15	566	591
Legal and accounting activities (69-70)	4024.9	4119.8	0.08	322	330
Architectural and engineering activities ... (71)	660.6	679.5	0.00	0	0
Scientific research-development (72)	316.5	273.9	0.00	0	0
Advertising and other specialist activities (73-75)	762.2	822.7	0.00	0	0
Rental and leasing activities (77)	864.9	483.5	0.10	86	48
Employment related activities (78)	440.8	470.5	0.00	0	0
Travel agency activities ... (79)	97.3	104.6	0.00	0	0
Investigation and security ... (80-82)	1109.2	1180.8	0.08	89	94
Pub. Admin. ... (84)	7363.9	8442.7	0.00	0	0
Education (85)	3180.9	3718.7	0.00	0	0
Human health activities (86)	2104.1	2452.5	0.08	168	196
Social action with or without housing (87-88)	969.3	1139.4	0.08	78	91
Creative, artistic etc. activities (90-92)	365.1	457	0.08	29	37
Sports and recreation activities (93)	147.7	165.2	0.08	12	13
Associative organization activities (94)	1114.1	1305.2	0.02	22	26
Repair... of personal goods ... (95)	88.6	21.3	0.00	0	0
Other personal services (96)	132.4	138	0.08	11	11
Domestic activities ... (97-98)	88.2	75.3	0.08	7	6
TOTAL	57997.8	62967.8		4770	4992
				8.2%	7.9%

Finally, we suggest a general estimate of added value as an impact on the BCR. A full estimate would require more time and would not correspond with the objective of this study. However, table 9 shows a **synthesis of the economic impact of the EII in the BCR**. This should be approached with many methodological precautions. The cited study, which reports a very different value (12.9%) is based on a calculation which for methodological and statistical reasons we cannot repeat, precluding a strict comparison of both results. On the other hand, the result would require an analysis with rather dynamic coefficients in order to better understand the cumulative effects on added value. Finally, the legally hybrid nature of many sectors directly linked to the EII would need a more thorough analysis, in order to distinguish the sectors which have been included in the calculation of the added value to the BCR from those which escape into other extraterritorial or even international categories. This aspect is important for a correct analysis of the fiscal streams in the transition of added value to GDP: some sectors are already accounted for on the regional level, whereas others enter into international streams, a distinction which cannot always be easily estimated.

Table 9. Synthesis of the impact on added value (Source: Belgostat, my elaboration).

ADDED VALUE (MILLIONS)	2009	2013
Extraterritorial public administrations (European and international)	173	252
Indirect impact on added value	4,770	4,992
Total added value in the BCR	57,998	62,968
Total corrected added value in the BCR	58,170	63,219
Share of the corrected added value from the European and international institutions	8.5%	8.3%

6 Proposition for an improved estimation of the social and economic impact

The proposed analysis is based on the study by Vandermotten, which presents a very valid basis from a methodological point of view. The idea of a more comprehensive update with the present note remains valid, but more time is needed for a true dynamic analysis of the social and economic impact of the EII. In the present state, we propose **five axes of methodological, empirical and theoretical improvement** for a better evaluation of the impact of the EII on Brussels.

1. Definition of impact coefficients;
2. Definition of the function of lobbyists allowing a quantitative estimate;
3. Analysis of the legal status of the various organizations linked to the EII ;
4. Analysis of the impact of temporary presences;
5. Impacts on the various urban dimensions, such as the real estate market or services to the population.

1. Definition of the impact coefficients

The impact coefficients proposed in the study by Vandermotten have two fundamental limitations. The first concerns the origin of the coefficients, which are not always based on sector studies as in the case of the hotels. **Studies per sector would be needed in order to better calibrate each coefficient.** For instance the impact on telecommunications (Sector 61) is considered to be zero; this could be reasonable in 2003, but today the market has significantly evolved: EII employees are often customers of Belgian telephone companies which offer reduced rates for international calls. This is a clear sign of the importance of this market segment, but its real and estimated dimension should be verified with the companies. The same considerations apply to sectors such as services related to domestic consumption (gas, electricity, heating, water, garbage...). Verification would be possible by analysing the percentage of families linked to the EII and living in Brussels, compared to the total of Brussels families.

Secondly, **the coefficients are static**, whereas the number of EII related jobs in the BCR is such that one can imagine a cumulative dynamic. Non-Belgian residents related to the EII reach a critical mass, defining potentially important niche markets or other activities, for instance in the cultural or association sector, with a possible impact out of proportion to the growth of this population.

2. Definition of the function of lobbyist allowing a quantitative estimate

Brussels lobbyists are almost 'legendary' and much publicized in public opinion, but the sources on their numbers are often hard to trace. This stems from a vague definition of 'lobbies'. The EU Transparency Register helps to improve the understanding of this phenomenon, but more analysis is needed in order to define the dimension and nature of the lobbies. In a recent analysis¹² we have for instance underlined the very important presence in Brussels of scientific associations, which are not often mentioned in the Transparency Register or identified with the 'traditional' function of lobbies. They have nonetheless a presence in Brussels, in order to be close to the European institutions. The status of these associations is not clearly defined in the official statistics, but they represent an important sector that needs further investigation.

3. Analysis of the legal status of the various organizations related to the EII

The analysis of the legal status of lobbying activities, of associations linked to the EU and of all other organizations is an extremely complex but absolutely necessary process, which has been lacking in the previous analyses. This analysis is however necessary in order to understand the classification of EU related activities in the available statistics, in terms of both jobs and added value. Some European associations are for instance registered as Belgian non-profit associations, whereas their role is undoubtedly linked to the European institutions. One example is the 'Erawatch Network'¹³, which is registered as a Belgian non-profit association but represents a network of experts and institutions across Europe. All of this makes the analysis of the official statistics very complex without a more precise analysis of the legal status of the EU related organizations.

4. Analysis of the impacts of temporary presences

The temporary presences in case of conferences are already well documented, Brussels being the world's second city in this sector as a consequence of its function as Capital of Europe. But there is also a series of less known temporary presences, such as 'business tourism', largely related to the EII, or the 'blue book' EU interns who only spend a semester in Brussels and are often not registered in the Belgian statistics. These temporary presences do however impact the economy of the BCR (influencing for example the market of short and very short term rentals). In this case a more quantitative analyses would be needed.

5. Impacts on the various urban dimensions, e.g. the real estate market and services to the population.

¹² <http://www.brusselsstudies.be/medias/publications/BruS81EN.pdf>

¹³ <http://www.erawatch-network.eu/>

Finally, the EII related jobs also represent a population living in the city and impacting the urban services (we have already mentioned water, electricity and garbage, but not schools, swimming pools, hospitals...). This analysis could be made by multiplying the EII related jobs with the size of the families living from these jobs: a population residing in Brussels and requiring urban services just like the rest of the population. Evidently, the social and demographic profile of this population should be clearly defined in order to analyse its impact on the city.

A second dimension is the real estate market and its two fundamental subsectors, which have already been partially analysed by the real estate agencies: homes and offices. These dimensions should be considered in the analysis of the impact of the EII on Brussels, especially in an evolutive perspective.