



PRESS RELEASE

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Second quarter of 2020 saw economic activity contract by 12.1 %

- **Domestic employment fell by 0.8 %**

Economic growth

In the second quarter of 2020, real gross domestic product (GDP) adjusted for seasonal and calendar effects shrank by 12.1 % on the previous quarter due to COVID-19, with the annualised drop in economic activity working out at 14.4 %.

Compared with the previous quarter, value added growth was down by 12.9 % in industry, by 13.4 % in construction and by 11.5 % in the services sector. As a contribution to GDP growth, this works out at -1.9 percentage points, -0.6 percentage points and -8.1 percentage points, respectively.

Within the services sector, the category "Wholesale and retail trade; repair of motor vehicles and motorcycles; transport and storage; accommodation and food service activities" accounted for the largest negative contribution to growth, at -3.4 percentage points. The sector encompassing arts, entertainment and recreation, was also a key contributing factor to GDP contraction, to the tune of -2.2 percentage points.

Domestic demand

Domestic demand slowed heavily, with households cutting their consumption spending by 12.7 %. Both durable (-11.4 %) and non-durable (-11.5 %) consumption decelerated, as did spending on tourism. Household investment in residential properties came down sharply as well (-15.7 %), while government spending also fell significantly: government consumed 8.3 % less, mainly as a result of lower spending on non-essential activities in the health care sector (surgeries, consultations, etc.) in the first five weeks of the quarter; while government investment shrank by 11.7 %. In addition, business investment was massively impacted by the ongoing Covid-19 crisis, dropping by 19.9 %.

Trade with foreign countries

With international trade sharply down, Belgium also saw its import and export flows tumble. Imports (-13.9 %) slumped more than exports (-13.3 %), so net exports of goods and services positively affected the change in GDP (by +0.4 percentage points).

Employment

In the second quarter of 2020 domestic employment was down 0.8 % on the previous quarter and fell by 0.3 % annualised.

The second-quarter decline was concentrated among employees, where temporary contracts were not extended, e.g. for agency workers, casual workers, those on flexible contracts and student workers. Furthermore, virtually no new jobs were created during this period. Employment remained more or less stable for the self-employed.

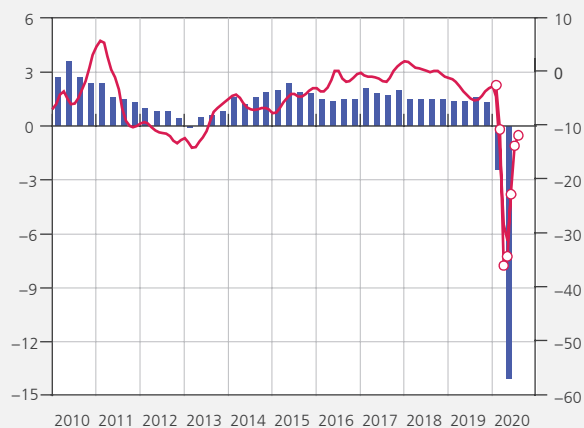
The hardest-hit sectors were the hotel and catering industry and business services (which includes temping agencies).

Compared with the flash estimate of 29 July 2020, the newly published growth figures are a lot more accurate. The main administrative data (namely, VAT data, industrial production statistics, etc.) were equally available, as is customary with the 60-day estimate of GDP for a given quarter. The main uncertainties stemming from the pandemic in this estimate are currently in the area of non-market production and the components of the expenditure approach, for which the available information was still fairly limited and for which traditional estimation models were not always applicable. It is here that wider revisions are possible in the future and, therefore, also at the overall GDP level. As far as seasonal adjustment of the data series is concerned, the recent [Eurostat guidance](#) on the subject has been closely followed in order to estimate the impact of COVID-19 as accurately as possible.

GDP, QUARTERLY GROWTH VOLUME
(data adjusted for seasonal and calendar effects)

	Percentage change compared to	
	corresponding quarter of the previous year	previous quarter
2018 I	1.5	0.2
II	1.5	0.3
III	1.5	0.2
IV	1.5	0.8
2019 I	1.4	0.1
II	1.4	0.3
III	1.6	0.4
IV	1.3	0.5
2020 I	-2.4	-3.5
II	-14.4	-12.1

GDP AND THE ECONOMIC CYCLE



■ GDP growth in volume (percentage change compared to the corresponding quarter of the previous year)
 — Business survey (smoothed data, right-hand scale)
 ○ Business survey (gross data, right-hand scale)

MAIN COMPONENTS

(percentage change in volume compared to the preceding period, data adjusted for seasonal and calendar effects)

	2018		2019				2020	
	III	IV	I	II	III	IV	I	II
1. Value added								
Industry	-0.2	0.7	0.4	-0.4	0.6	0.7	-2.4	-12.9
Construction	1.2	1.6	0.8	0.1	0.9	1.6	-5.1	-13.4
Services	0.3	0.9	0.1	0.5	0.3	0.3	-3.1	-11.5
P.m. GDP	0.2	0.8	0.1	0.3	0.4	0.5	-3.5	-12.1
2. Expenditure								
Private consumption expenditure (1)	0.0	0.2	0.0	0.5	0.8	0.5	-6.4	-12.7
Final consumption expenditure of general government	-0.3	0.5	0.3	1.0	0.4	0.5	-3.5	-8.3
Total gross fixed capital formation	0.1	3.5	-0.2	0.3	0.3	0.5	-3.9	-18.2
Business	0.2	3.8	-0.9	0.5	0.7	1.1	-3.6	-19.9
Housing	0.3	2.8	2.1	1.4	-2.0	1.5	-5.4	-15.7
Public administration	-0.3	2.7	-0.3	-2.9	1.9	-4.9	-2.8	-11.7
Domestic demand (excluding inventories)	-0.1	1.0	0.0	0.5	0.6	0.5	-5.1	-13.0
Change in inventories (2)	0.4	-0.3	-0.2	0.0	-0.5	0.1	0.9	0.2
Exports of goods and services	0.8	1.6	-0.4	0.2	-0.2	0.9	-1.7	-13.3
Imports of goods and services	1.0	1.6	-0.8	0.5	-0.6	1.1	-2.5	-13.9
Net exports of goods and services (2)	-0.2	0.0	0.3	-0.2	0.3	-0.1	0.7	0.4
3. Labour market								
Total number of workers	0.4	0.3	0.5	0.3	0.5	0.3	-0.3	-0.8

(1) Including non-profit institutions serving households.
 (2) Contribution to the change in GDP.