



2022-10-19

PRESS RELEASE

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Belgian economy recovered strongly in 2021 from shocks felt in 2020

- **Economic activity rebounded, with real GDP rising by 6.1% following a historic 5.4% drop in 2020.**
- **The rise in the GDP deflator accelerated to 2.9%, reflecting rising inflationary pressures in the economy**
- **The labour market was very dynamic, with over 90,000 new jobs created.**
- **The financial surplus of households and businesses remained high.**
- **The budget deficit declined somewhat, to 5.6% of GDP, as did the debt-to-GDP ratio, to 109.2%, although both remained high.**
- **Belgium reported modest net lending to the rest of the world, amounting to 0.6% of GDP.**

On 19 October 2022, the National Accounts Institute (NAI) published the 2021 annual national accounts, including the general government accounts, as well as an update of the statistics for 2018 to 2020. The complete results, as well as an overview of the methodological adaptations, can be viewed in the [national accounts](#) themselves, the [government accounts](#) and the NBB.Stat database.

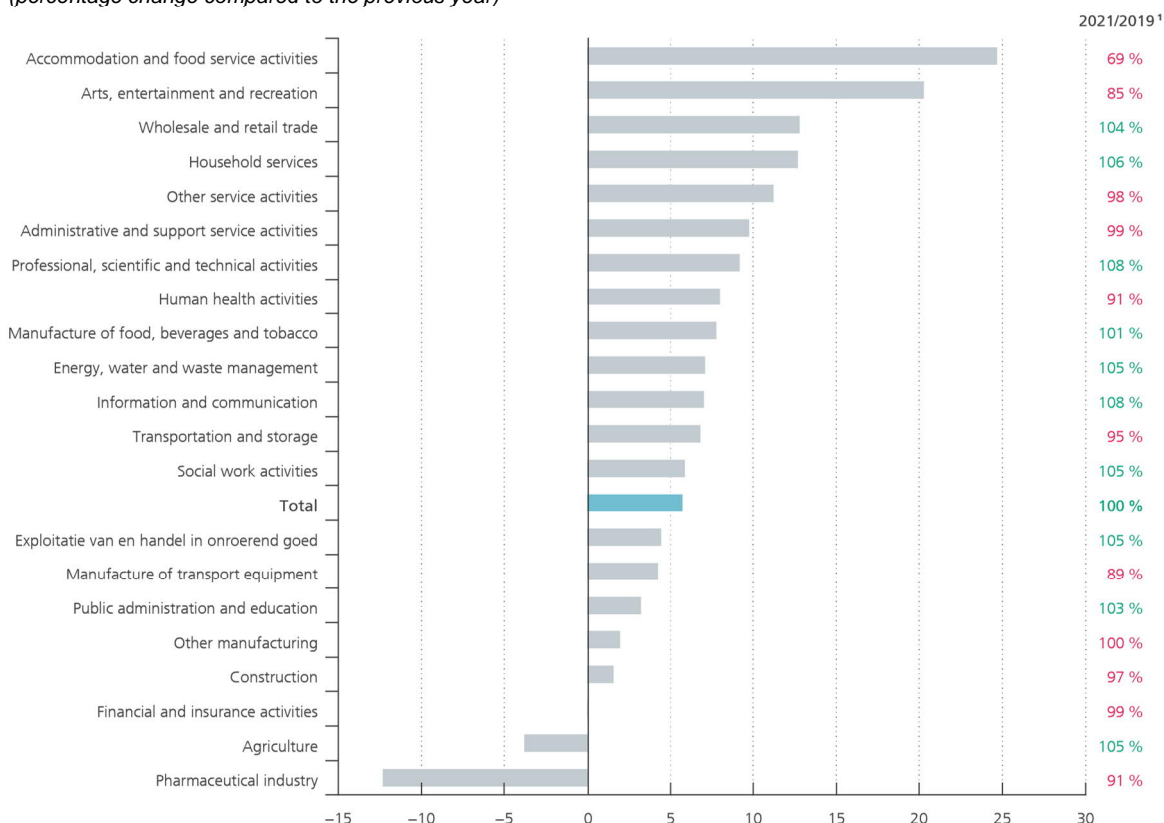
After a decline of 5.4% in 2020, GDP rebounded by 6.1% in 2021, returning to its pre-pandemic level

The gradual disappearance of COVID-19-related restrictions enabled a sharp recovery of economic activity in 2021, in most sectors, although the level of recovery varied greatly.

Hotels, restaurants cafés and cultural venues, which suffered the most in 2020, bounced back most strongly in 2021, with value added up by over 20%. Despite this spectacular rebound, these branches are still far from their 2019 levels due to remaining pandemic-related restrictions and recruitment difficulties. For a majority of other service activities, value added recovered at a faster rate than in the economy as a whole, regardless of whether they were severely impacted by the pandemic in 2020 (retail, transport, other business-related services, healthcare and other household services) or not (specialised, scientific and technical activities, information and communication, and social services). The increase in value added was more moderate in the real estate, public administration and education, and building sectors, while financial activities remained at status quo.

VALUE ADDED BY BRANCH IN 2021, IN VOLUME TERMS

(percentage change compared to the previous year)



Source: NAI

¹ Value added in 2021, in volume terms, compared to the corresponding level in 2019

Finally, on the other side of the distribution, the agriculture and pharmaceutical industries saw their value added, in volume terms, fall in 2021, by 3.8% and 12.3%, respectively. In the former case, the increase in operating costs outpaced the rise in production. For its part, the pharmaceutical industry experienced a drop in production due to the collapse of foreign sales of a vaccine by a major player, without a corresponding reduction in costs. The rest of the manufacturing industry, hampered by global supply chain problems and input price increases, performed modestly, with the exception of the food sector in which value added rose by 7.8%.

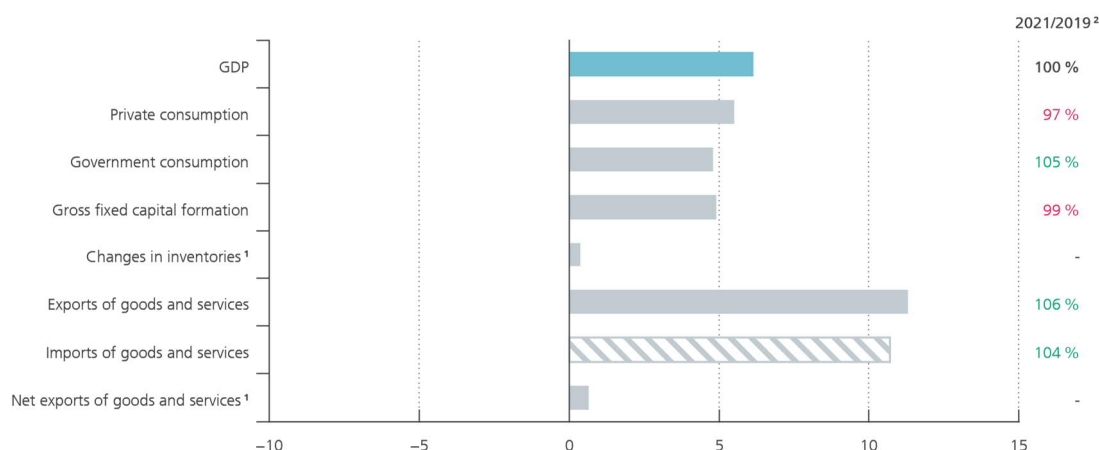
As from the second half of 2021, there was a marked increase in the prices of raw materials, not only for energy commodities but also for agricultural, chemical and metal products. This in turn pushed up intermediate consumption prices considerably, an increase that was generally passed on, at least in part, to output prices. Reflecting the growing inflationary pressures in the economy, the GDP deflator rose by 2.9% in 2021, a rate almost double that of the previous year.

All expenditure components contributed to the recovery

The recovery was mainly supported by the rebound in private consumption (+5.5%), which accounted for almost half of GDP growth. Spending on hotels, restaurants, leisure and culture, as well as textiles and clothing, all particularly affected by the pandemic, rose strongly in 2021. In contrast, consumption of foodstuffs and communication services, which did not fall in 2020, grew only modestly in 2021. Spending on transport even fell further, by 2.5%, mainly due to fewer purchases of new vehicles, the supply of which was hindered by various part shortages.

EXPENDITURE IN 2021, IN VOLUME TERMS

(percentage change compared to the previous year)



Source: NAI

¹ Expenditure in 2021, in volume terms, compared to the corresponding level in 2019

² Contribution to GDP growth

Government spending, which had stagnated in 2020, grew by 4.8% in 2021, a rate not seen since 1995. This strong growth was mainly driven by catch-up spending on healthcare.

Investment rose by 4.9% and also contributed significantly to GDP growth. The most substantial increase was seen in dwelling investments by households (+7.9%), followed by public sector investment (+5.2%). Businesses in the broad sense were more cautious when it came to investing, with limited growth of 3.9%, insufficient to allow them to return to the level achieved in 2019.

World trade also picked up in 2021, benefitting Belgian exports of goods and services, which rose by 11.3%; sales of COVID-19 vaccines also boosted export growth. Imports grew at a slightly lower rate (+10.7%), despite the revival of spending by Belgians on foreign tourism. On balance, net exports of goods and services contributed 0.7 percentage points to growth.

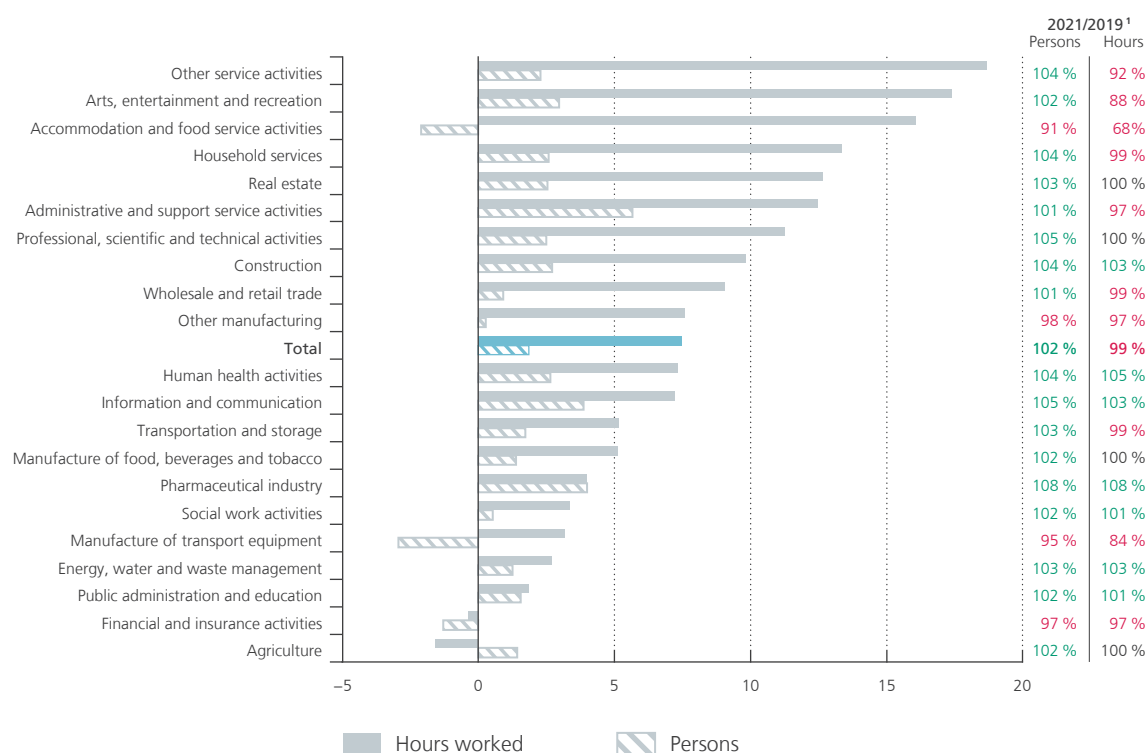
Finally, companies replenished their stocks, contributing 0.4 percentage points to GDP growth.

The labour market benefitted considerably from the recovery

Employment, which held up in 2020 thanks to measures taken by the government, rose strongly in 2021, for both employees (+1.6% or +66,100 people) and the self-employed (+3.0% or + 24,700 people), bringing the employment level to 2% above that prevailing before the COVID-19 crisis. The increase was most substantial in administrative and support services, including temporary work, the pharmaceutical industry, and information and communication services. On the other hand, employment declined in the automotive industry, the hotel, restaurant and café industry and in the financial services. In these three sectors, as well as in “other manufacturing industries”, employment is below its 2019 level.

EMPLOYMENT BY BRANCH IN 2021

(percentage change compared to the previous year)



Source: NAI

¹ Employment in 2021, in persons or hours, compared to the corresponding level in 2019

Benefitting fully from the upturn in economic activity, the volume of work increased even more vividly, with a jump of 7.5%, following the sharp decline (-8.5%) observed in 2020. In parallel with the activity profile, the volume of work rebounded most spectacularly in the hotel, restaurant and café industry, leisure and cultural services and other personal services sectors, although it remained well below pre-COVID-19 levels. Many hotel and restaurant workers who lost their jobs during the pandemic seem to have left the sector, and those who remain are working shorter hours. The volume of work increased in all other branches of activity as well, except for financial services and agriculture.

Despite a slight improvement, public finances remained in dire straits

The budget deficit was reduced to 5.6% of GDP compared to 9.0% a year earlier. This improvement in the budget balance was attributable to the recovery of economic activity and the lifting of the measures put in place by the authorities to cope with the COVID-19 crisis. Revenue rose by €21 billion because of strong GDP growth, while expenditure increased by €8 billion; spending directly attributable to the discretionary measures taken to combat the pandemic, in the range of €18 billion in 2020, fell to around €11 billion in 2021.

Strong nominal GDP growth dragged down the ratios expressed as a percentage of GDP. The primary expenditure ratio declined by 3.2 percentage points compared to 2020, to 53.8% of GDP. The interest-to-GDP ratio fell by 0.2 percentage points to 1.7%, while the revenue-to-GDP ratio remained stable at 49.9%.

Finally, the debt-to-GDP ratio declined but remained at a very high level of 109.2%.

Belgium reported modest net lending with the rest of the world

The dramatic changes in savings behaviour and the financing balance in various sectors brought about by the pandemic in 2020 did not completely disappear in 2021.

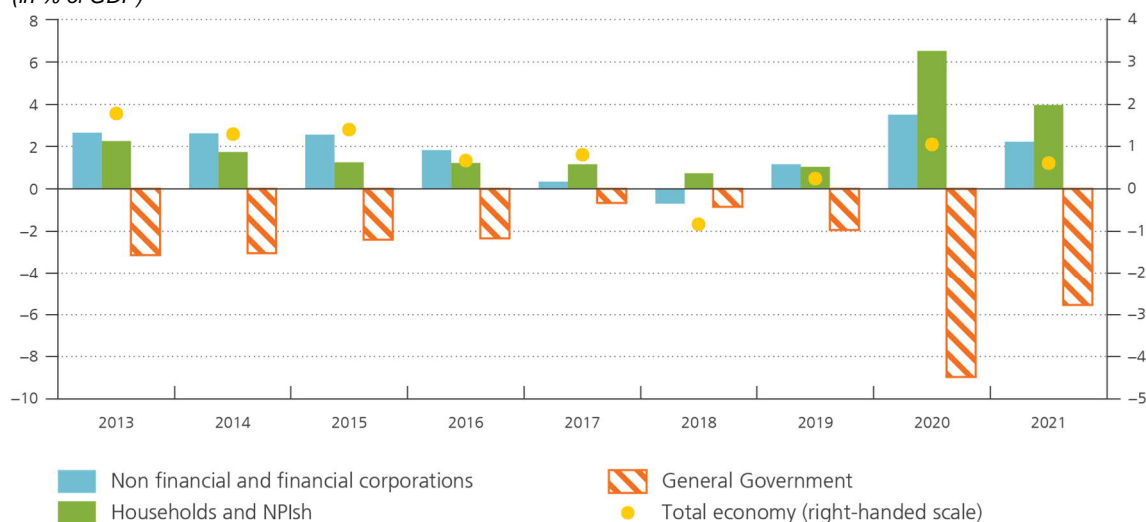
The financing capacity of individuals remained at a historically high level, €19.9 billion or 4.0% of GDP, while the strong increase in disposable income was only partially offset by the sharp rise in consumption and investment.

The corporate financing surplus also decreased, but still reached €11.1 billion or 2.2% of GDP.

Overall, the financial surpluses of households and businesses more than offset the budget deficit, leaving Belgium with net lending to the rest of the world of 0.6% of GDP.

FINANCING BALANCES

(in % of GDP)



Source: NAI

MAIN RESULTS

	2018	2019	2020	2021
Activity and demand				
(Percentage change in volume)				
GDP	1,8	2,2	-5,4	6,1
Value added				
Agriculture	-9,5	1,2	8,8	-3,8
Industry and energy	-1,3	4,5	-3,1	1,2
Construction	5,9	1,1	-4,9	1,6
Services	2,3	2,0	-5,5	7,1
Expenditure				
Private consumption expenditure	1,9	1,7	-8,3	5,5
Final consumption expenditure of general government	1,6	2,2	0,0	4,8
Total gross fixed capital formation	3,0	5,0	-5,1	4,9
<i>Enterprises</i>	2,4	5,6	-5,4	3,9
<i>Dwellings</i>	1,5	5,1	-7,1	7,9
<i>General government</i>	10,2	1,6	0,1	5,2
Change in inventories ⁽¹⁾	0,4	-0,7	-0,3	0,4
Exports of goods and services	1,1	2,4	-5,0	11,3
Imports of goods and services	2,0	2,0	-5,6	10,7
<i>p.m. Net exports of goods and services ⁽¹⁾</i>	-0,7	0,4	0,4	0,7
Employment				
(evolution in thousands of persons)				
Employees	56,4	62,8	-12,6	66,1
Self-employed	13,2	14,2	15,8	24,7
Total	69,7	77,1	3,1	90,8
Public finances				
(in % of GDP)				
Revenue	51,4	49,9	49,9	49,9
Primary expenditure	50,1	49,9	57,0	53,8
Interest charge	2,1	2,0	1,9	1,7
Deficit (-)	-0,9	-1,9	-9,0	-5,6
General government debt (Maastricht-definition)	99,9	97,6	112,0	109,2

Source: NAI

¹ Contribution to the change in GDP