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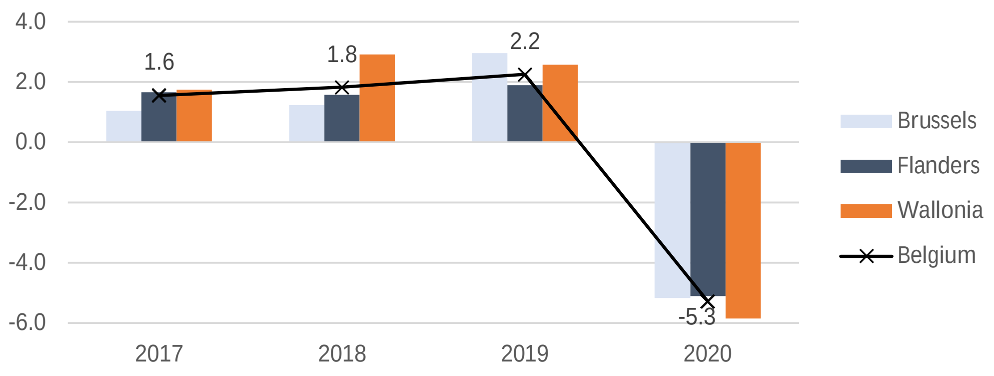
2020: Unprecedented decline in economic activity in Belgium's three Regions

Roughly one-third of the contraction of value added in Flanders, Brussels and Wallonia is due to the fall in business in trade and hospitality

In 2020[1], economic activity[2] in Wallonia was hit harder by the health crisis than the other two Regions. There, it fell by 5.8 %, compared with -5.1 % in Flanders and -5.2 % in Brussels. Almost all activity branches contributed to the contraction in economic activity in the three Regions. As a direct consequence of the restrictions imposed to curb the spread of the pandemic, the trade and hospitality branches were responsible for roughly one-third of the global fall in economic activity with a negative contribution of -1.8 percentage points in Flanders and Wallonia and -1.7 percentage points in the Brussels-Capital Region. Furthermore, administrative and support services, healthcare as well as transport and storage were also behind almost a third of the decline, with a negative contribution of -1.8 percentage points in Wallonia and Flanders and by -1.4 percentage points in Brussels.

CHANGE IN ECONOMIC ACTIVITY BY REGION (%)



Source: NAI.

Given the stronghold of financial and insurance activities in **Brussels**, this branch made a particularly big contribution to the drop in economic activity (-0.8 of a percentage point). On the other hand, public administration activities recorded a slightly positive contribution (+0.2 of a percentage point).

In **Flanders**, the chemicals and energy industry and public administration activities feature among those that have contributed positively to growth.

In **Wallonia**, the construction industry weighed heavily (-0.4 of a percentage point) on the contraction of regional economic activity, unlike the pharmaceuticals industry which made a positive contribution (+0.3 of a percentage point).

[1] The figures for the year 2020 have been estimated using the "provisional" method. Figures for the previous years are estimated according to the "definitive" method.

[2] Measured on the basis of gross value added at basic prices in volume.

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INDUSTRIES WITH THE STRONGEST IMPACT ON ECONOMIC ACTIVITY CHANGE PER REGION, IN 2020

(contribution to the change in percentage points)

Industry (A38)	Brussels	Flanders	Wallonia
Chemicals industry (CE)	0.0	0.2	0.0
Pharmaceuticals industry (CF)	0.0	0.0	0.3
Production and distribution of energy (DD)	0.1	0.1	0.1
Construction (FF)	-0.2	-0.2	-0.4
Wholesale and retail trade, repair of motor vehicles and motorcycles (GG)	**-0.7**	**-0.9**	**-1.0**
Transportation and storage (HH)	-0.3	-0.5	-0.4
Accomodation and food service activities (II)	**-1.0**	**-0.9**	**-0.8**
Financial and insurance activities (KK)	-0.8	-0.1	-0.2
Public administration (OO)	0.2	0.1	0.1
Education (PP)	-0.1	-0.2	-0.3
Human health activities (QA)	-0.5	-0.6	-0.8
Total change in economic activity (%)	**-5.2**	**-5.1**	**-5.8**

Source : NAI.

Employment more resilient in Flanders than in Brussels and Wallonia

In 2020[1], total employment saw a marked slowdown in all three Regions when compared with the year before, like the trend observed at national level (-1.6 percentage points).

Regional trends, although similar, are nevertheless opposite. In **Flanders**, employment levels held up better than in the other two Regions. Another 5 600 persons (+0.2 %) found work, while employment was down by 3 400 persons in **Wallonia** (-0.3 %) and 3 000 in **Brussels** (-0.4 %). The better performance of total employment in Flanders can be explained, on the one hand, by more vigorous growth of self-employment (+2.3 %, against +1.1 % and +0.7 % in Brussels and in Wallonia respectively) and, on the other hand, by a more moderate decline in the number of employees (-0.3 %, compared with -0.6 % and -0.5 % in Brussels and Wallonia).

In all three Regions**,** the net decline in the number of employees has remained concentrated in just a few activity branches. There were greater losses in the catering and accommodation (hospitality) branch and in business support services. These job losses can notably be explained by the termination or non-renewal of temporary employment contracts that these branches typically tend to use. In other branches, the fall in the number of employees remained limited, as in the manufacturing industry and other services activities. The figure even rose in some branches like other business services, education, health care and social work.

INDUSTRIES WITH THE STRONGEST IMPACT ON THE CHANGE IN THE NUMBER OF EMPLOYEES PER REGION, IN 2020

(contribution to the change in percentage points)

Industry (A38)	Brussels	Flanders	Wallonia
Wholesale and retail trade, repair of motor vehicles and motorcycles (GG)	-0.1	0.0	-0.1
Accomodation and food service activities (II)	-0.4	-0.3	-0.2
Financial and insurance activities (KK)	-0.2	0.0	-0.1
Legal and accounting activities, head offices, management consultancy activities, architecture and engineering activities, technical testing and analysis (MA)	0.1	0.2	0.1
Administrative and support service activities (NN)	-0.5	-0.7	-0.5
Education (PP)	0.2	0.1	0.1
Human health activities (QA)	0.1	0.1	0.1
Social work activities (QB)	0.1	0.1	0.1
Total change in the number of employees (%)	**-0.6**	**-0.3**	**-0.5**
Of which: Contribution of the public sector	*0.4*	*0.1*	*0.1*
Contribution of the private sector	*-1*	*-0.4*	*-0.6*

Source : NAI.

[1] The figures for the year 2020 have been estimated using the “provisional” method. Figures for the previous years are estimated according to the “definitive” method.

The table below presents regional account statistics on economic activity and employment for the most recent three years available. All the variables from the regional accounts broken down by workplace (including total labour volume, hours worked by employees/self-employed, compensation of employees and gross fixed capital formation) are available from the year 2003 onwards on the Bank's website, in the statistical database NBB.Stat. The regional account variables broken down by residence (household accounts and final consumption expenditure by sector) can also be found on the NBB.Stat portal, from the years 1995/1999.

KEY VARIABLES OF REGIONAL ACCOUNTS BY WORKING PLACE[3]

	In absolute numbers (€ million or number of persons)	Share of each region in the total for the country (%)	Percentage change compared to the previous year (%)			Average annual growth rate
	2019	2019	2018	2019	2020	2011-2020
Gross value added at basic prices. in volume – reference year 2015 – Economic growth						
Brussels	73 847.6	18.5	1.2	2.9	-5.2	0.3
Flanders	231 474.5	58.1	1.6	1.9	-5.1	1.1
Wallonia	92 909.4	23.3	2.9	2.6	-5.8	0.7
Belgium	398 454.6	100.0	1.8	2.2	-5.3	0.8
Gross value added at basis prices. at current prices						
Brussels	78 188.1	18.3	2.3	4.1	-3.8	2.0
Flanders	248 905.7	58.3	3.1	3.8	-4.0	2.5
Wallonia	99 559.2	23.3	4.6	4.6	-4.1	2.2
Belgium	426 900.0	100.0	3.3	4.1	-4.0	2.4
Total employment						
Brussels	713 533.0	14.6	0.7	1.2	-0.4	0.5
Flanders	2 878 877.0	58.8	1.7	1.9	0.2	1.0
Wallonia	1 300 349.0	26.6	1.3	1.2	-0.3	0.7
Belgium	4 895 228.0	100.0	1.5	1.6	0.0	0.9
Number of employees						
Brussels	629 232.0	15.4	0.5	1.1	-0.6	0.2
Flanders	2 375 634.0	58.3	1.7	1.8	-0.3	0.9
Wallonia	1 069 168.0	26.2	1.3	1.4	-0.5	0.7
Belgium	4 076 503.0	100.0	1.4	1.6	-0.4	0.8
Number of self-employed						
Brussels	84301.0	10.3	2.4	1.7	1.1	2.3
Flanders	503.243.0	61.5	1.8	2.4	2.3	1.4
Wallonia	231.181.0	28.2	1.1	0.5	0.7	0.9
Belgium	818.725.0	100.0	1.7	1.8	1.7	1.3

Source: NAI

[3] The difference between the figures for Belgium and the sum of the three regions is due to the extra-regional unit.

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