

## PRESS RELEASE

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## 2019 benchmark revision of the national accounts

- **The national accounts have been revised back to 1995, as part of the ongoing EU-coordinated process of qualitative improvement in statistics.**
- **Average economic growth has been revised upwards by 0.1 percentage point on average per annum over the period 1995-2017, to reach 1.9 %**
- **The revision was a slightly higher, +0.2 percentage point per year, over the most recent period (2010-2017), when the average economic growth now stands at 1.4 %**
- **Employment and public finances have hardly been revised.**

*The benchmark revision aims to improve the quality, relevance and consistency of the statistics*

In line with the **recommendations of Eurostat**, Belgium is among a group of European countries that has carried out a so-called “benchmark revision” of its national accounts in 2019. In principle, such a revision takes place every five years and falls under normal procedures for improving statistics.

Benchmark revisions enable new data sources and methods to be incorporated in order to maintain or even improve the **quality** of the statistics produced. They also provide an opportunity to reinforce the **relevance** of statistics by including new economic developments. Moreover, another guiding principle of this revision has been to improve **consistency** between the national accounts and other statistics, in particular balance of payments and financial accounts.

In order to provide a consistent analytical framework over time, by avoiding breaks in series as far as possible, benchmark revisions result in the review of statistical series spanning many years; in this case, the statistics have been revised **back to 1995**.

Many **methodological changes** have been made this year, as more than 70 points have been examined.

The main changes concern:

- value added of company administrators;
- dwelling services;
- insurance and financial services;
- hospital services;
- research and development expenditure;
- classification of private associations in the market sector or in the non-market sector.

In addition to these methodological improvements, **new economic phenomena** were measured and introduced for the first time in national accounts, in particular:

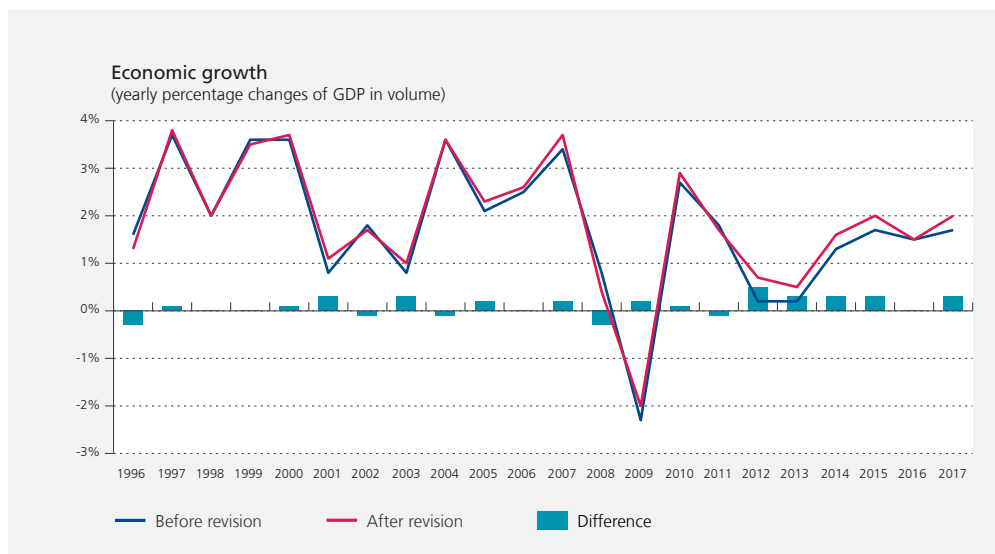
- electricity production by households and regional green certificate mechanisms;
- transactions related to e-commerce with non-resident counterparts;
- financial income from indirect holdings in foreign direct investment.

A [dedicated publication](#) with a description of the nature and impact of the main changes applied to the statistics produced in the national accounts can be found on the Bank's website.

Apart from these benchmark revision items, the more routine “current” revisions have also had an impact on the figures for the very last years under the recurrent statistical process for updating the entire range of data sources used.

### ***The revision affects all macroeconomic indicators to varying degrees***

Economic growth, measured by the **volume change in GDP**, has only been revised slightly over the period 1995-2017 (+0.1 percentage point on average per year). The revision is nevertheless a bit larger over the more recent period, as economic growth from 2010 to 2017 is now estimated at 1.4 %, compared with 1.2 % before.



Among the **components of demand**, private consumption has recorded the most significant upward revision in recent years. This stems from the upward revision of expenditure on financial and insurance services (mainly life insurance), and on housing, as well as from the inclusion of benefits in kind for company administrators. The incorporation of online purchases made from non-resident counterparties and, to a lesser extent, the inclusion of photovoltaic electricity generation, has also resulted in higher household consumption expenditure.

Several of these consumption elements are produced for own account by households: dwelling services (90% of the housing stock being held by households), activity of company administrators (those with self-employed status belong to the household sector) and, by definition, photovoltaic electricity. Households' output and consequently, the value added they generate, have therefore been revised upwards. As a result, the benchmark revision has pushed up the weight of households in the economy, in their role as producers and as consumers.

**Employment** has hardly varied as a result of the benchmark revision, since only a few marginal items, such as undeclared work and staff employed in embassies, have been adjusted. Over the whole period, the average domestic employment growth rate has remained at 0.9% per year. In the most recent period, despite moderate growth in activity, the average increase in employment measured in persons still stands at 0.8 %, which is the same figure as in estimates before revision.

Public finances have also been marginally affected by the benchmark revision: the average **government deficit** now works out at 2.1 % over the whole period (against 2.0 % previously), and at 3.1 % on average from 2010 to 2017, up from the previous estimate of 3.0%.

The introduction of the “tax-subsidy” mechanism for green certificates, although theoretically neutral in the long term, had a variable impact on public finances from one year to the next. The emergence of the green certificate bubble in 2009 has had a negative impact on both the financing balance (-0.1 % of GDP at the most) and the public debt. This negative impact faded from 2013 onwards following the reforms of the conditions for granting green certificates and the tax increase on electricity prices, particularly in the Flemish Community.

Over the whole period 1995-2017, **public debt** as a percentage of GDP has hardly been revised (+0.3 percentage points to reach a yearly average of 105.9 %). In recent years, it has benefited from the favourable influence of the upward revision of the level of nominal GDP, with a public debt averaging 103.7%, instead of 104.2% before revision.

The **level of GDP at current prices** has indeed been revised upwards by around 0.4 % over the recent period (2010-2017), and in 2017, the revision amounts to more than 7 billion euros with a GDP now standing at 446 billion. This upward revision contrasts with the downward revision between 1995 and 2012, when the annual level of nominal GDP was revised down by an average of 0.6 %.

Lastly, the **financing balance of the Belgian economy** is slightly more favourable after the benchmark revision – especially during the most recent years, because retained earnings from indirect holdings in the context of foreign direct investment are now taken into account. Over the 2010-2017 period, Belgium posted a surplus of 1.2 % of GDP with the rest of the world, against the 0.8 % estimated previously.

<b>Main economic indicators before and after benchmark revision</b>		
<i>(average yearly percentage changes, unless otherwise stated)</i>		
	<b>1995-2017</b>	<b>2010-2017</b>
<b>ECONOMIC GROWTH</b>		
<i>Before revision</i>	1,8	1,2
<i>After revision</i>	1,9	1,4
<b>DOMESTIC EMPLOYMENT</b>		
<i>Before revision</i>	0,9	0,8
<i>After revision</i>	0,9	0,8
<b>PUBLIC FINANCES (in % of GDP)</b>		
<i>Public deficit</i>		
<i>Before revision</i>	-2,0	-3,0
<i>After revision</i>	-2,1	-3,1
<i>Public debt (Maastricht definition)</i>		
<i>Before revision</i>	105,6	104,2
<i>After revision</i>	105,9	103,7
<b>NET LENDING (+) / NET BORROWING (-) OF THE ECONOMY (in % of GDP)</b>		
<i>Before revision</i>	2,8	0,8
<i>After revision</i>	3,3	1,2
<b>P.M. GDP AT CURRENT PRICES (level average yearly revision)</b>		
<i>Before revision</i>	-426	+1 969
<i>After revision</i>	-0,3	+0,4

Source : NAI.

The results concerning the year 2018 can be consulted in a specific [press release](#).