



PRESS RELEASE

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After a historical decline in the second quarter of 2020, economic activity posted a rise of 11.4 % in the third quarter. However, year-on-year growth remains negative at -4.5 %.

- **Domestic employment increased by 0.3 % in the third quarter of 2020**

Economic growth

In the third quarter of 2020, in the context of the COVID-19 crisis, seasonally and calendar adjusted gross domestic product (GDP) rose by 11.4 % in volume terms compared with the previous quarter. Despite this considerable rebound on a quarterly basis, year-on-year growth remains clearly negative (-4.5 %). So, there is still no question of any return to levels of economic activity seen before the COVID-19 crisis.

Compared with the previous quarter, value added was up by 11.6 % in industry, 18.9 % in construction and 10.4 % in the services sector. Expressed as contributions to GDP growth, that comes to respectively, +1.7 percentage points, +0.9 of a percentage point and +7.3 percentage points. In the services sector, the “wholesale and retail trade; repair of motor vehicles and motorcycles”, “transport and storage” and “accommodation and catering” branches of activity made the most positive contribution to growth (+3.5 percentage points).

Domestic demand

All components of domestic demand have shown a sharp revival, after the unprecedented decline in the previous quarter. Households raised their consumption expenditure by 16.4 %. Both in the case of consumer durables (+39.0 %) and non-durables (+14.2 %), consumption was well up, as was spending on tourism. Households' investment in housing also firmed up strongly (+15.8 %). Government spending bounced back considerably, too. The general government sector stepped up its consumption expenditure by 8.3 %, while its investment rose by 20.7 %. Furthermore, business investment increased considerably (+7.3 %), however it is this demand component that has known the sharpest decline compared to the situation before the COVID-19 crisis.

Foreign trade

Belgium's import and export flows also picked up considerably after the decline in the previous quarter. As imports rose more strongly (+14.3 %) than exports (+13.3 %), net exports of goods and services made a negative contribution to GDP growth (-0.6 of a percentage point).

Employment

In the third quarter of 2020, domestic employment expanded by 0.3 % in comparison with the previous quarter. On an annual basis, however, it continued to weaken (-0.3 %) and is consequently still lower than before the COVID-19 crisis.

Both for salaried employees as for the self-employed a slight rise was observed. Compared with the highly volatile development of the economic activity, the change of employment is more stable, mostly thanks to the current support measures taken by the government.

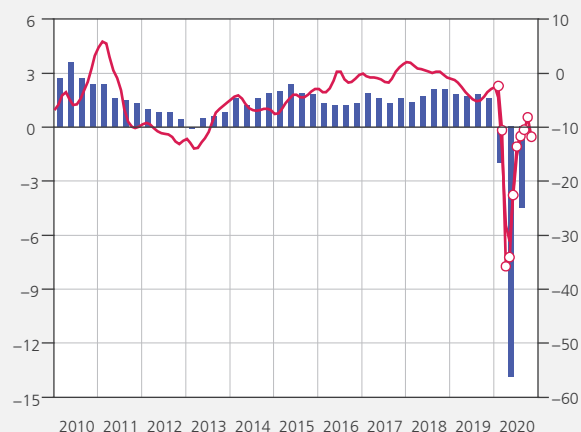
Compared with the flash estimate of 29 October 2020, the newly published growth figures are a lot more accurate. The main administrative data (namely, VAT data, industrial production statistics, etc.) were equally available, as is customary with the 60-day estimate of GDP for a given quarter. The main 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	1,4	0,4
II	1,7	0,5
III	2,1	0,3
IV	2,1	0,9
2019 I	1,8	0,2
II	1,7	0,3
III	1,8	0,5
IV	1,6	0,6
2020 I	-2,0	-3,4
II	-13,9	-11,8
III	-4,5	11,4

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		
	IV	I	II	III	IV	I	II	III	
1. Value added									
Industry	1,0	0,9	0,1	1,2	0,2	-1,8	-12,7	11,6	
Construction	1,3	0,8	-0,1	1,4	2,2	-5,1	-13,4	18,9	
Services	0,9	0,0	0,3	0,3	0,5	-3,1	-11,3	10,4	
P.m. GDP	0,9	0,2	0,3	0,5	0,6	-3,4	-11,8	11,4	
2. Expenditure									
Private consumption expenditure (1)	0,4	0,0	0,6	0,8	0,6	-6,7	-11,6	16,4	
Final consumption expenditure of general government	0,4	0,4	0,6	0,6	0,7	-2,2	-5,9	8,3	
Total gross fixed capital formation	2,8	0,3	0,1	0,3	0,6	-4,4	-17,7	10,7	
Business	2,7	-0,2	0,4	0,6	1,6	-3,9	-20,1	7,3	
Housing	3,1	1,7	0,9	-1,9	0,7	-5,4	-14,6	15,8	
Public administration	3,2	1,2	-3,6	3,1	-6,1	-5,2	-7,8	20,7	
Domestic demand (excluding inventories)	1,0	0,2	0,5	0,6	0,6	-5,1	-11,7	13,1	
Change in inventories (2)	-0,2	-0,5	0,2	-0,6	0,1	0,8	-0,4	-0,6	
Exports of goods and services	1,0	0,2	-0,1	0,2	1,1	-1,5	-14,2	13,3	
Imports of goods and services	0,8	-0,4	0,4	-0,3	1,3	-2,5	-14,3	14,3	
Net exports of goods and services (2)	0,1	0,5	-0,4	0,4	-0,1	0,7	-0,1	-0,6	
3. Labour market									
Total number of workers	0,4	0,5	0,4	0,4	0,4	-0,2	-0,8	0,3	

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