



PRESS RELEASE

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GDP declined by 6.3 %, the steepest fall since WWII

Economic growth in the fourth quarter of 2020 was -0.1 %

Economic activity slowed slightly in the fourth quarter of 2020. Seasonally and calendar adjusted gross domestic product (GDP) declined by 0.1 % in volume terms compared with the previous quarter. At -5.1 %, the year-on-year growth rate is still well in negative territory, so the economy is still lagging far behind levels seen before the COVID-19 crisis.

In comparison to the previous quarter, value added rose in industry by 5.5 % and in construction by 1.4 %, but it was down by 0.9 % in the services sector.

Households' consumption expenditure dropped by 5.6 %, while their investment increased by 2.1 %. On the general government side, too, there was a visible decline in consumption expenditure (-3.1 %), partly as a result of the slowdown in non-essential activities in the health care sector (operations, routine consultations, etc.). Then again, public investment was up by 4.0 %, a growth rate that was influenced by increased spending of the Ministry of Defence. Business investment rose by 4.6 %.

Exports of goods and services rose by 3.8 %, while imports grew by 2.0 %. The positive contribution of net exports to growth came to 1.4 percentage points.

Economic growth over the year 2020 was -6.3 %

GDP by volume, which had risen by 1.7 % in 2019, plummeted by 6.3 % in 2020 as a result of the health crisis. This decline in economic activity is the steepest since the end of the Second World War and is more than three times bigger than that seen during the great recession (-2.0 %) of 2009.

In the services sector, value added contracted by 6.4 % in 2020, while back in 2019, this sector was still enjoying growth in activity of 1.6 %. This decline was primarily due to the "wholesale and retail trade; repair of motor vehicles and motorcycles; transport and storage; hotels and catering" branch of activity, which has suffered badly from the government measures taken as a result of COVID-19 and thus fell back by 13.2 % (a -2.2 percentage point contribution to GDP growth). However, the steepest fall was observed in the "arts, entertainment and leisure and other services" branch of activity, where value added shrank by 19.8 % (-0.4 percentage point contribution to GDP growth).

In industry, a decline of 4.2 % was recorded in 2020, after a positive growth rate of 2.2 % in 2019. The construction sector, too, contracted by 4.2 % over the whole year, compared with expansion of 4.2 % in 2019.

Households' consumption expenditure fell back sharply by 8.7 % and private investment also declined steeply (-8.1 %). Public consumption showed a decline of 0.9 % in 2020, mainly as a result of the slowdown in non-essential activities in health care. Public investment dropped by 4.6 %. Business investment was also strongly affected by the COVID-19-crisis and the uncertainty it has brought with it and declined by 8.2 %.

COVID-19 also had a distorting effect on international trade and consequently on Belgian import and export flows. Over the year 2020 as a whole, export volumes were down by 5.7 %, while import volumes showed a 5.1 % decline. Consequently, net exports of goods and services made a negative contribution (-0.5 of a percentage point) to economic growth.

Employment remains stable despite COVID-19-crisis

In the fourth quarter of 2020, domestic employment grew by 0.4 % on a quarterly basis. Both in the case of salaried employees and the self-employed, a small increase was observed. Compared with the corresponding period of 2019, the number of people in employment fell by 0.5 % (a drop of 22 300 people), just as in the third quarter (-23 100 people).

When compared to the highly volatile development of economic activity, employment trends appear to be more stable, notably thanks to the government support measures.

Domestic employment contracted in 2020 by an average 2 500 people (-0.1 %), whereas it had still been rising back in 2019, with an extra 75 600 people in work (+1.6 %). This decline in domestic employment can mainly be explained by the drop in the number of wage-earners (-16 500 people), which was partly offset by an increase in the number of self-employed people (+14 000 people).

Compared with the flash estimate of 29 January 2021, 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 IN VOLUME
(data adjusted for seasonal and calendar effects)

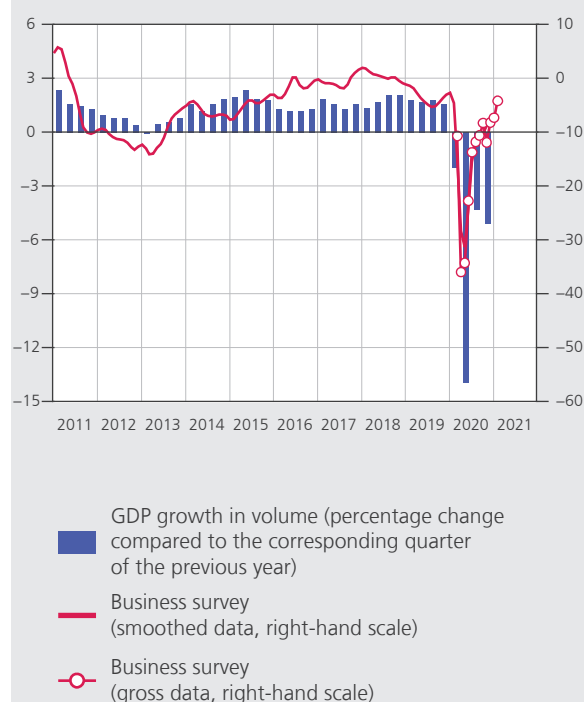
	Percentage change compared to	
	Corresponding quarter of the previous year	previous quarter
2018 I	1.4	0.4
II	1.7	0.5
III	2.1	0.3
IV	2.1	0.9
2019 I	1.8	0.2
II	1.7	0.3
III	1.8	0.5
IV	1.6	0.6
2020 I	-2.0	-3.4
II	-13.9	-11.8
III	-4.3	11.6
IV	-5.1	-0.1

GDP, ANNUAL GROWTH IN VOLUME

(percentage changes, data adjusted for seasonal and calendar effects)

2019	1.7
2020	-6.3

GDP AND THE ECONOMIC CYCLE



MAIN COMPONENTS

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

	2019					2020				
	I	II	III	IV	year	I	II	III	IV	year
1. Value added										
Industry	0.9	0.1	1.2	0.2	2.2	-1.8	-12.7	11.4	5.5	-4.2
Construction	0.8	-0.1	1.4	2.2	4.2	-5.1	-13.4	19.3	1.4	-4.2
Services	0.0	0.3	0.3	0.5	1.6	-3.1	-11.3	10.5	-0.9	-6.4
P.m. GDP	0.2	0.3	0.5	0.6	1.7	-3.4	-11.8	11.6	-0.1	-6.3
2. Expenditure										
Private consumption expenditure (1)	0.0	0.6	0.8	0.6	1.5	-6.7	-11.6	15.8	-5.6	-8.7
Final consumption expenditure of general government	0.4	0.6	0.6	0.7	1.7	-1.8	-2.2	4.8	-3.1	-0.9
Total gross fixed capital formation	0.3	0.1	0.3	0.6	3.4	-4.4	-17.7	19.6	4.0	-7.8
Business	-0.2	0.4	0.6	1.6	3.2	-3.9	-20.1	20.0	4.6	-8.2
Housing	1.7	0.9	-1.9	0.7	5.2	-5.4	-14.6	18.2	2.1	-8.1
Public administration	1.2	-3.6	3.1	-6.1	1.2	-5.1	-5.8	17.1	4.0	-4.6
Domestic demand (excl. changes in stocks)	0.2	0.5	0.6	0.6	2.0	-5.0	-10.8	13.7	-2.7	-6.6
Changes in stocks (2)	-0.5	0.2	-0.6	0.1	-0.4	1.6	-0.8	-1.0	1.1	0.8
Exports of goods and services	0.2	-0.1	0.2	1.1	1.0	-1.2	-14.1	9.8	3.8	-5.7
Imports of goods and services	-0.4	0.4	-0.3	1.3	0.8	-1.0	-13.5	10.8	2.0	-5.1
Net exports of goods and services (2)	0.5	-0.4	0.4	-0.1	0.2	-0.1	-0.5	-0.9	1.4	-0.5
3. Labour market										
Total number of workers	0.5	0.4	0.4	0.4	1.6	-0.3	-0.8	0.2	0.4	-0.1

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.