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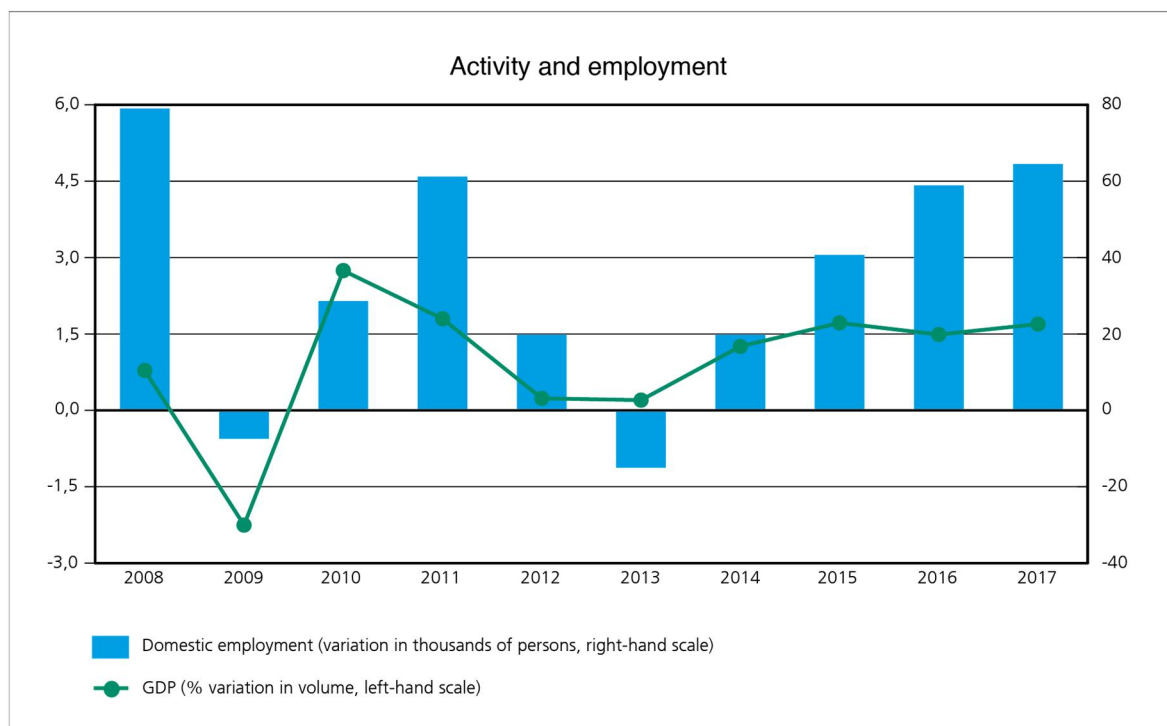
PRESS RELEASE

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Economic growth rate of 1.7 %

- **64 500 jobs created, best result since 2008**
- **Improvement in public finances: budget deficit cut to 0.9 % of GDP and debt ratio down to 103.4 % of GDP**

The National Accounts Institute (NAI) has today, Friday 19 October, released the detailed annual national accounts and general government accounts for the period 1995-2017. The full results can be found on the National Bank of Belgium's website, by consulting the publication on the national accounts and those for the general government sector, as well as the NBB.Stat statistical data base.



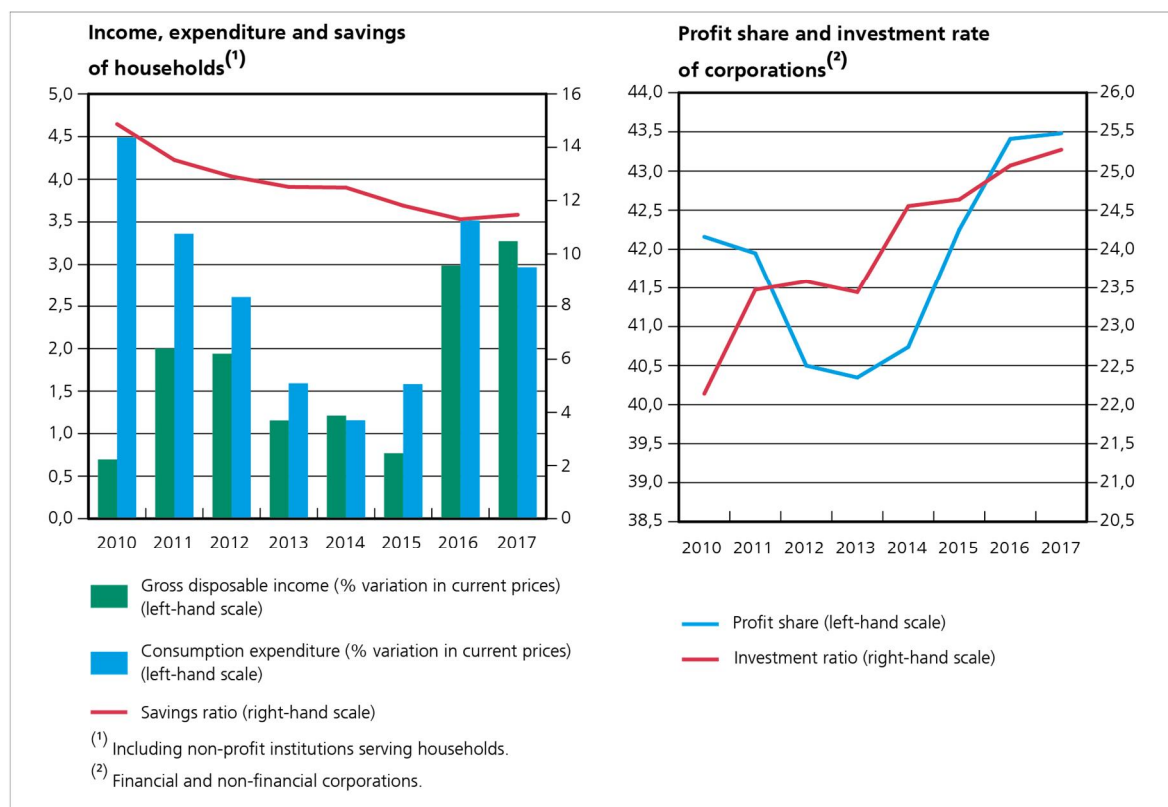
Source: NAI

Economic growth rate of 1.7 % in 2017

In 2017, the Belgian economy's gross domestic product expanded by 1.7 % in volume terms, on top of the 1.5 % rise in 2016.

The slight acceleration observed in 2017 comes from the services sector, where economic activity was up by 2.2 %, compared with 1.6 % a year earlier; the improvement was particularly strong in the “information and communication” and “business services” branches. In the other major branches of activity, the change reported in 2017 was, at best, the same as in the previous year. The rise in value added in industry was limited to 0.5 % in volume, as in 2016, and activity in the construction sector contracted by 0.8 %. Lastly, value added in agriculture fell for the second year in a row.

The rise in private consumption slowed down in 2017, but at +1.1 %, it is still an important factor supporting growth. Running at 3 % at current prices, it is lower than the growth of disposable income (+3.3 %), so the savings ratio rose marginally. With fiscal consolidation continuing, public consumption increased only moderately, by 0.6 %. Investment expenditure was higher in 2017 too, up by 1.8 % in volume terms. This trend is due to corporate investment, still shored up by very favourable borrowing conditions and the sound financial health of companies, whose profit margin reached a high of 43.5 %. Government investment increased as well, driven by the recovery in spending by local governments in the run-up to the municipal elections. By contrast, household investment in housing stabilised. Foreign demand, materialized in exports of goods and services, was up by 5.0 % in volume terms, and as imports rose at a slower pace, net exports made a positive contribution to growth. It should be pointed out that exceptional transactions have influenced the trend in some components of demand (corporate investments, imports and net exports of goods and services) without actually affecting GDP, and this was the case in 2017 too.



Source: NAI

64 500 jobs created in 2017

Domestic employment expressed in number of persons expanded by 64 500 units (+1.4 %) in 2017, up for the fourth consecutive year. The number of both self-employed and employees contributed to the growth, respectively by 12 200 (+1.6 %) and 52 300 people (+1.3 %). The expansion of the salaried employment is mainly linked to the rise in the number of employees in services outside education and administration (+2 %), in particular in “business services”. It is also attributable to the return to growth in industry (+0.6 %) and construction (+0.9 %), after several years of decline. As far as self-employment is concerned, the improvement observed can be mainly explained by the growth of the workforce employed in the “other services” branch (+1.6 %).

A deficit of 0.9 % in 2017 for the general government financing balance

The general government financing balance came to -0.9 % of GDP in 2017, compared with -2.4 % of GDP in 2016. Revenue increased by 0.7 % of GDP, to work out at 51.3 % of GDP, and interest charges dropped by 0.3 % of GDP, accounting for 2.5 % of GDP. Primary expenditure rose in nominal terms, albeit at a slower pace than GDP growth, so it was down by 0.5 % when expressed as a percentage of GDP, to 49.7 % of GDP.

Public debt (Maastricht definition) came to 103.4% of GDP at the end of 2017. This works out at a contraction of 2,7 points of GDP compared with 2016, which confirms the public debt reduction path embarked on in 2015. The reduction of the debt ratio in 2017 is principally due to the fall in the borrowing requirement and higher nominal growth of GDP. Exogenous factors, which influence the debt but not the budget balance, pressed the debt ratio downward, notably following the sale of part of the federal government’s stake in BNP Paribas.

During its two-yearly EDP dialogue visit to Belgium, Eurostat paid particular attention to the sectoral classification of public rail companies; it transpired that Infrabel may no longer be considered as a market producer because less than 50% of its costs are covered by its sales over four consecutive years. The NAO has therefore decided to consolidate Infrabel into the general government sector from 2014 onwards. The impact of this reclassification on the deficit is very small – lower than 0,03 % of GDP – while it works out at about 0.5 to 0.6% of GDP on the consolidated gross debt.

Main results

	2014	2015	2016	2017
Activity and demand (percentage change in volume)				
GDP	1,3	1,7	1,5	1,7
<i>Value added</i>				
Agriculture	-0,4	17,1	-6,2	-9,6
Industry and energy	3,7	2,8	0,5	0,5
Construction	0,5	1,7	-0,1	-0,8
Services	0,9	1,6	1,6	2,2
<i>Expenditure</i>				
Private consumption expenditure	0,6	0,9	1,7	1,1
Final consumption expenditure of general government	0,6	0,6	-0,2	0,6
Total gross fixed capital formation	5,8	2,7	3,8	1,8
Change in inventories ⁽¹⁾	0,3	0,3	0,3	0,0
Exports of goods and services	5,2	3,5	7,6	5,0
Imports of goods and services	6,2	3,4	8,5	4,3
<i>p.m. Net exports of goods and services ⁽¹⁾</i>	<i>-0,8</i>	<i>0,1</i>	<i>-0,5</i>	<i>0,6</i>
Employment (evolution in thousands of persons)				
Employees	13,7	30,4	46,2	52,3
Self-employed	6,1	10,3	12,8	12,2
Total	19,8	40,7	58,9	64,5
Public finances (in % of GDP)				
Revenue	52,2	51,3	50,6	51,3
Primary expenditure	52,0	50,7	50,2	49,7
Interest charge	3,3	3,0	2,8	2,5
Deficit (-)	-3,1	-2,5	-2,4	-0,9
General government debt (Maastricht-definition)	107,6	106,5	106,1	103,4

Source: NAI

⁽¹⁾ Contribution to the change in GDP