



PRESS RELEASE

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GDP declined by 6.3 % in 2020, the steepest fall since WWII

The National Accounts Institute (NAI) is publishing a **revised version of the quarterly accounts for 2020**, which notably takes into consideration the most recent balance of payments data, the latest labour market statistics and the public accounts published on 20 April. In accordance with best European practice, these have been updated for the last three years.

Economic activity slowed slightly in the fourth quarter of 2020 (-0.1 %)

Seasonally and calendar adjusted gross domestic product (GDP) declined in the fourth quarter of 2020 by 0.1 % in volume terms compared with the previous quarter. At -4.9 %, 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 5.1 % and in construction by 2.2 %, but it was down by 0.6 % in the services sector.

Households' consumption expenditure dropped by 6.4 %, while their investment increased by 1.8 %. Enterprises have also stepped up their gross fixed capital formation (+4.6 %). The general government sector has increased both its consumption expenditure and its spending on investment, by 0.3 and 2.4 % respectively.

Exports of goods and services rose by 3.7 %, while imports grew by 1.9 %. The positive contribution of net exports to growth came to 1.4 percentage points.

Economic growth over the year 2020 was -6.3 %, which confirms the previous estimate

GDP by volume, which had risen by 1.8 % 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 6.5 % 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 13.5 % (a -2.3 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 22.1 % (-0.4 percentage point contribution to GDP growth).

In industry, a decline of 4.1 % was recorded in 2020, after a positive growth rate of 2.2 % in 2019. The construction sector, too, contracted by 4.7 % 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 (-6.9 %). Public investment has also been cut (-1.4 %), while the government has slightly boosted its consumption expenditure (+0.6 %). Business investment was also strongly affected by the COVID-19-crisis and the uncertainty it has brought with it and declined by 7.8 %.

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 4.6 %, while import volumes showed a 4.3 % decline. Consequently, net exports of goods and services made a negative contribution (-0.3 of a percentage point) to economic growth.

Employment remains stable despite COVID-19-crisis

Domestic demand picked up by 0.6 % in the fourth quarter of 2020, a rise that can be explained by an almost identical increase in the number of employees and the number of self-employed, of respectively 0.6 and 0.7 %. However, in comparison to the same period in 2019, the number of workers fell by 0.3 % (corresponding to a reduction of 13 000 persons). The volume of labour among wage-earners fell back by 1.9 % compared with the previous quarter.

Over the year 2020, average domestic employment nearly stabilized – a slight reduction of 800 persons was recorded -, whereas it had been rising back in 2019, with an extra 75 600 people in work (+1.6 %). This quasi-stabilization in domestic employment is reflected in a drop in the number of wage-earners (-14 900 people), which was for the greater part offset by an increase in the number of self-employed people (+14 100 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. By contrast, the volume of labour among wage-earners was directly hit by the trend in economic activity and contracted by 6 %.

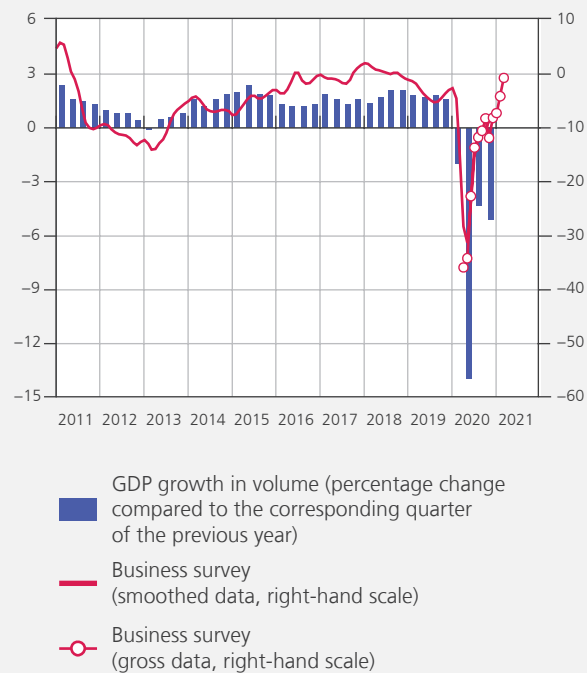
The main administrative data were available for this publication as is customary, with uncertainties stemming from the pandemic in the area of non-market production and the components of the expenditure approach.

For the seasonal adjustment of the data series, the recent [Eurostat guidance](#) has been 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	1,6	0,5
III	2,0	0,3
IV	2,1	0,9
2019 I	1,9	0,2
II	1,7	0,3
III	1,9	0,5
IV	1,6	0,6
2020 I	-2,0	-3,3
II	-14,0	-11,9
III	-4,3	11,8
IV	-4,9	-0,1

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	I	II	III	IV
1. Value added								
Industry	0,9	0,1	1,2	0,2	-1,7	-12,9	11,9	5,1
Construction	0,8	-0,1	1,4	2,2	-5,2	-13,5	17,8	2,2
Services	0,0	0,4	0,3	0,5	-3,0	-11,5	10,6	-0,6
p.m. GDP	0,2	0,3	0,5	0,6	-3,3	-11,9	11,8	-0,1
2. Expenditure								
Private consumption expenditure (1)	0,0	0,6	0,8	0,6	-6,1	-12,8	17,2	-6,4
Final consumption expenditure of general government	0,3	0,7	0,5	1,4	-0,8	-3,3	4,9	0,3
Total gross fixed capital formation	0,3	0,1	0,7	0,5	-2,8	-17,1	17,1	3,7
Business	-0,2	0,4	0,6	1,6	-3,4	-20,8	21,1	4,6
Housing	1,7	0,9	-1,9	0,7	-4,5	-13,9	18,1	1,8
Public administration	0,7	-3,9	6,4	-6,7	4,2	-1,5	-3,5	2,4
Domestic demand (excluding inventories)	0,2	0,5	0,7	0,7	-4,0	-11,3	13,9	-2,3
Change in inventories (2)	-0,5	0,2	-0,6	0,0	0,9	-0,6	-0,8	0,8
Exports of goods and services	0,2	-0,1	0,2	1,1	-0,9	-13,2	10,1	3,7
Imports of goods and services	-0,4	0,4	-0,3	1,3	-0,6	-13,3	11,5	1,9
Net exports of goods and services (2)	0,5	-0,4	0,4	-0,1	-0,2	0,0	-1,1	1,4
3. Labour market								
Total number of workers	0,5	0,4	0,4	0,4	-0,3	-0,8	0,2	0,6
Number of hours worked by employees	0,6	0,2	0,1	0,4	-3,0	-11,7	12,9	-1,9

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.

GDP, ANNUAL GROWTH IN VOLUME*(percentage changes, data adjusted for seasonal and calendar effects)*

2017	1,6
2018	1,8
2019	1,8
2020	-6,3

MAIN COMPONENTS*(percentage change in volume compared to the preceding period, data adjusted for calendar effects)*

	2017	2018	2019	2020
1. Value added				
Industry	1,0	-1,5	2,2	-4,1
Construction	1,5	5,1	4,2	-4,7
Services	1,7	2,5	1,6	-6,5
p.m. GDP	1,6	1,8	1,8	-6,3
2. Expenditure				
Private consumption expenditure (1)	1,9	1,9	1,5	-8,7
Final consumption expenditure of general government	0,2	1,3	1,6	0,6
Total gross fixed capital formation	1,4	3,4	3,5	-6,9
Business	1,6	2,8	3,2	-7,8
Housing	1,0	1,5	5,2	-6,9
Public administration	1,1	11,2	2,4	-1,4
Domestic demand (excluding inventories)	1,4	2,1	2,0	-5,9
Change in inventories (2)	0,0	0,3	-0,4	0,0
Exports of goods and services	5,5	0,6	1,0	-4,6
Imports of goods and services	5,2	1,3	0,8	-4,3
Net exports of goods and services (2)	0,3	-0,5	0,2	-0,3
3. Labour market				
Total number of workers	1,6	1,5	1,6	0,0
Number of hours worked by employees	2,0	1,7	1,4	-6,0

(1) Including non-profit institutions serving households.

(2) Contribution to the change in GDP.