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PRESS RELEASE

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National accounts 2019

- Economic growth reached 1.7 % in 2019
- 76 000 jobs were created
- The budget deficit has widened to 1,9 % of GDP, but the decline in the debt ratio (Maastricht definition) continues, down to 98.1 % of GDP
- After showing a deficit in 2018, Belgium once again posts a surplus with the rest of the world, of 0.5 % of GDP

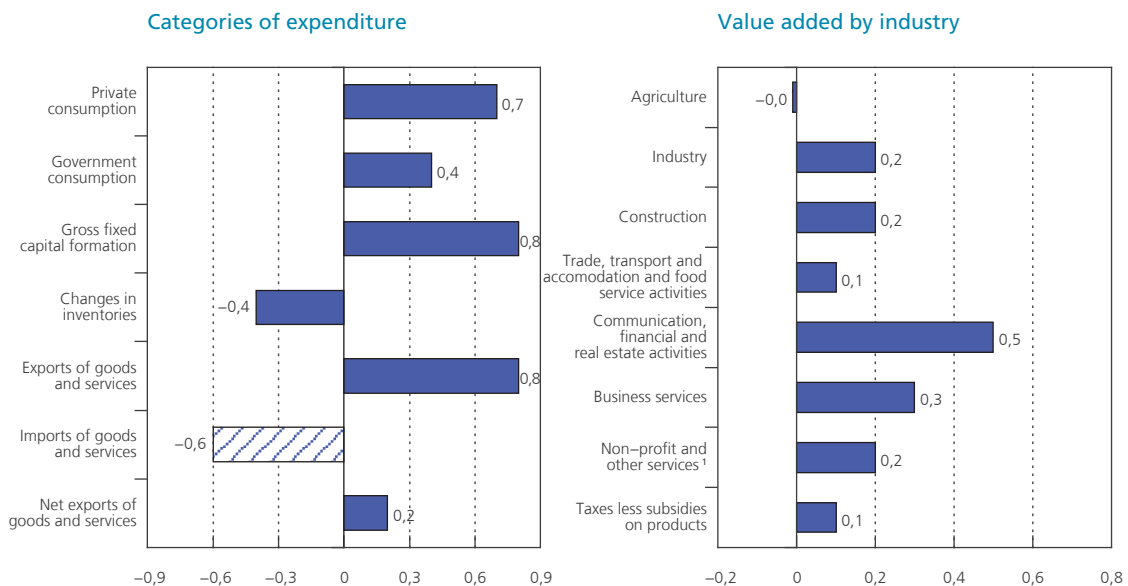
The National Accounts Institute (NAI) is today, 19 October 2020, releasing new detailed annual national accounts data and general government accounts data for the years 2016 to 2019. The full results can be found on the National Bank of Belgium's website in the publication on the [national accounts](#) and the [general government accounts](#), as well as in the NBB.Stat statistical database.

Economic growth rate of 1.7 % in 2019, still driven by domestic demand

In 2019, the Belgian economy's gross domestic product expanded by 1.7 % in volume terms, after having risen by 1.8 % a year earlier.

CONTRIBUTIONS TO VOLUME GROWTH OF GDP IN 2019

(percentage points)



Source : NAI

¹ Public administration, education, health and social work, and other service activities.

In 2019, economic growth was again shored up by domestic demand, in particular by stronger investment (+3.4 %), which made the biggest contribution to growth (0.8 of a percentage point).

Driven by the still highly favourable borrowing conditions and by the sound financial health of companies -their average profit margins peaked for the last four years at around 43 % - corporate investment has been notably supported by non-residential projects (in almost all branches of activity) and infrastructure investment (notably in wind power). Moreover, investment in housing has been very dynamic (+5.2%), thanks to the combination of low mortgage rates and changes in the law in Flanders. However, there was a sharp slowdown in public investment in 2019, after the big increase in 2018 associated with the peak of the local authority electoral cycle.

Despite a continued strong increase in household disposable income largely on account of the downward impact of the tax shift on income tax, the contribution of private consumption to economic growth declined in 2019 (0.7 of a percentage point compared with 1 point in 2018). Private consumption had been affected by the negative contribution from consumption of gas and electricity – owing to the mild winter – and clothing. These trends contributed to the recovery of the household saving ratio, for the first time in ten years.

Exports of goods and services rose only moderately in 2019, while remaining dynamic for pharmaceuticals thanks to the successful global marketing of a new vaccine. Exports of services posted a clear rebound, with the strongest growth in insurance services, construction, R&D (supported by a major Belgo-American cooperation agreement in pharmaceutical research) and in IT services. The rise in imports of goods lagged behind that for exports, but it was the opposite story for imports of services, notably for tourism where Belgians' spending on foreign travel continued to grow more rapidly than spending by foreigners visiting Belgium. Overall, the contribution of net exports of goods and services to growth was slightly positive (0.2 of a percentage point).

The negative contribution from inventories was partly due to changes in the pharmaceuticals industry, which had built up large stocks in 2018, notably in anticipation of Brexit.

Growth is still being driven by market services, and particularly communications, financial services and real estate, whose joint contribution came to 0.5 of a percentage point.

Business services come next, where the momentum of new business start-ups in some activities, such as architecture and engineering services and construction support services, had a positive impact on growth (contribution of 0.3 of a percentage point).

Industry, construction and other services branches each contributed around 0.2 of a percentage point to growth. In industry, the pharmaceuticals sector has been the driving force behind growth, not least thanks to the launch of a new vaccine, while in non-market services, it was principally public and social work services that have boosted economic activity.

Lastly, trade, transport and catering and accommodation only contributed a mere 0.1 of a percentage point, following the drop in value added in volume terms in the transport sector.

With 75 600 jobs created in 2019, the labour market is still proving dynamic

Domestic employment grew by a further 75 600 units in 2019 (+1.6 %) after having risen by 69 600 units in 2018 (+1.5 %); since the last turnaround in 2013, net job creation has reached almost 335 000 people in cumulative terms.

The acceleration observed between 2018 and 2019 came both from salaried employment, which rose by 61 100 people (+1.5 %) and from self-employment, which expanded by 14 500 people (+1.8 %)

New jobs have been created above all in administrative and support services (+15 700 people or +3.1 %), in health care and social work (+13 180 people or +2.1 %) and in transport (+7 300 people or +2.8 %), while employment has continued to shrink in financial services (-2 400 people or -2.0 %).

A government deficit of 1,9 % in 2019 and a public debt of 98.1% of GDP

The general government financing balance fell to -1.9% of GDP in 2019, compared with -0.8% of GDP in the previous year.

This deterioration was almost due to the 1.3 points drop in revenue expressed as a percentage of GDP, which came in at 50.1% of GDP. The decline in revenue was mainly due to lower fiscal and parafiscal revenue (-1.2% of GDP) and more specifically direct taxation, both corporate (-0.6 % of GDP) and household (-0.6 % of GDP). Following the increase in advance payments by companies in 2017 and 2018 (as a result of the higher tax surcharge for insufficient advance payments), the residual collection of corporation tax based on tax assessments showed a sharp decline last year, while tax shift measures reduced direct tax revenues from households. Indirect taxes (13.4% of GDP) and actual social contributions (13.3% of GDP), on the other hand remained stable.

The primary expenditure ratio was up by 0.1% of GDP on 2018 to 50.1% of GDP. This change in primary expenditure as a percentage of GDP was mainly the result of growth in social benefits and continued high levels of public investment.

With a further contraction in the implicit rate, interest charges declined by 0.1% of GDP to 2.0% of GDP.

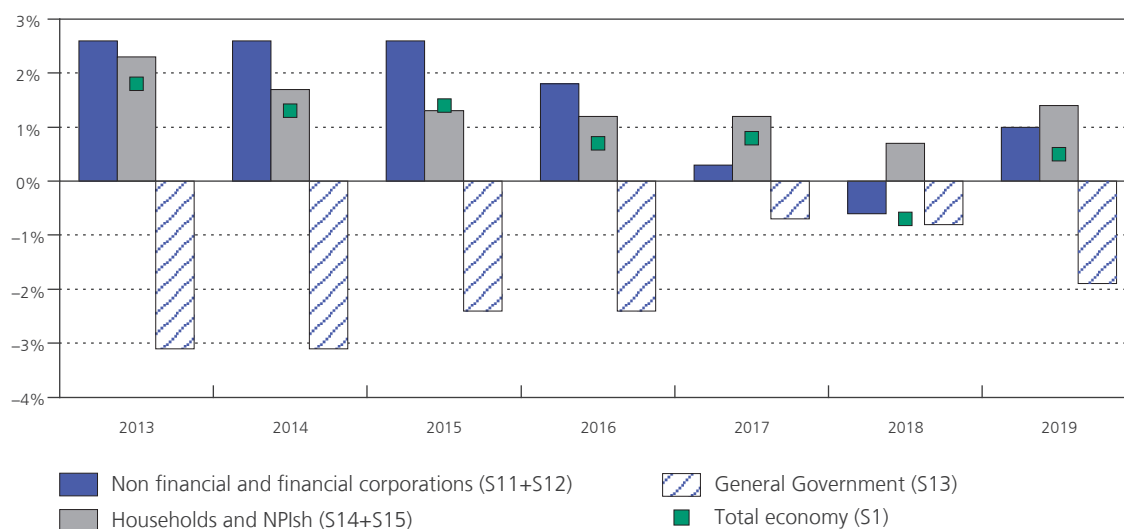
Government debt (Maastricht definition) reached 98.1% of GDP at the end of 2019, a contraction of 1.7 percentage points of GDP from 2018, the result of so-called endogenous factors, even though the contribution of the primary surplus was much smaller than in previous years. This contraction was reinforced by the effect of the positive gap between nominal GDP growth and the implicit interest rate on public debt.

Belgium's financing balance in surplus again

After posting an abnormal deficit in 2018, Belgium recorded an overall financing surplus of 0.5 % of GDP with the rest of the world in 2019. The deterioration of the government deficit had effectively been more than wiped out by the improvement in the solde financing balance of companies and households.

FINANCING BALANCES

(in % of GDP)



Source : NAI

MAIN RESULTS

	2016	2017	2018	2019
Activity and demand (percentage change in volume)				
GDP	1,3	1,6	1,8	1,7
Value added				
Agriculture	-7,1	4,3	-15,2	-1,7
Industry and energy	-1,1	1,0	-1,5	2,2
Construction	0,1	1,5	5,1	4,2
Services	1,5	1,7	2,5	1,6
Expenditure				
Private consumption expenditure	1,6	1,9	1,9	1,5
Final consumption expenditure of general government	0,5	0,1	1,2	1,7
Total gross fixed capital formation	4,2	1,4	3,4	3,4
<i>Enterprises</i>	5,4	1,6	2,8	3,2
<i>Dwellings</i>	2,6	1,0	1,5	5,2
<i>General government</i>	-0,6	1,0	11,1	1,2
Change in inventories ⁽¹⁾	0,3	0,0	0,3	-0,4
Exports of goods and services	6,2	5,5	0,6	1,0
Imports of goods and services	7,5	5,2	1,3	0,8
<i>p.m. Net exports of goods and services ⁽¹⁾</i>	-0,9	0,3	-0,5	0,2
Employment (evolution in thousands of persons)				
Employees	45,7	60,5	56,4	61,1
Self-employed	12,2	12,8	13,2	14,5
Total	57,9	73,2	69,7	75,6
Public finances (in % of GDP)				
Revenue	50,8	51,3	51,4	50,1
Primary expenditure	50,4	49,7	50,0	50,1
Interest charge	2,7	2,4	2,1	2,0
Deficit (-)	-2,4	-0,7	-0,8	-1,9
General government debt (Maastricht-definition)	105,0	102,0	99,8	98,1

Source: NAI¹ Contribution to the change in GDP