

The background of the cover features three large, orange, cone-like structures that resemble traffic cones, arranged in a row. Overlaid on this are several thin, yellow, curved lines that suggest motion or data paths. The entire scene is set against a blue background with a grid of white dots and lines, giving it a technical or digital feel.

BELGIUM'S ECONOMY IN A NUTSHELL

ECONOMIC OUTLOOK
OF JANUARY 2020



FPS Economy, S.M.E.s, Self-employed and Energy

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Introduction

Belgium, a **small and open economy** of 11.4 million inhabitants, is located in the heart of Europe. The economy benefits from a strong communication infrastructure and a highly qualified workforce. Nevertheless, foreign trade is essential for Belgium. It is also important to note that 70.9 % of Belgian exports are directed to the European Union market. The most significant trade partners for Belgium are its neighbouring countries, namely Germany, France and the Netherlands. Yet, its trade balance was negative in 2018.

In 2018, the **products mainly exported** by Belgian companies concerned the chemical industries, as well as vehicles and transport equipment and finally machinery and equipment.

In 2018, the chemical industry was the **main value added creator among the manufacturing industry**, followed by food and beverages and the pharmaceutical industry.

Recent cyclical developments indicate that **GDP growth** was relatively good in 2018 (+1.5 % year-on-year, compared to +2 % in 2017), thanks to a strong domestic demand (excluding inventories changes) and more precisely, investments. However, GDP growth was less robust in Belgium than in the European Union (+2 %) or even in the Euro area (+1.9 %). GDP growth amounted to 1.6 % in the third quarter of 2019 y-o-y, at the faster pace as the one observed during the previous quarter (1.3 %) mainly due to a higher contribution to GDP growth from consumption expenses (public and private).

Services are the main driver of economic growth since 2014.

The **production index** in the manufacturing industry (construction excluded) increased in 2018 for the third time in a row. The same trend is observed in the construction sector. If the production growth remained dynamic in the manufacturing industry (construction excluded) in the third quarter of 2019 y-o-y, it decreased in the construction sector.

Business demography was also vigorous in 2018, with more creations than deletions, even though the entrepreneurial dynamism was less pronounced than in 2017. The third quarter of 2019 has also showed some entrepreneurial dynamism.

The **employment rate** rose up in 2018 while the **unemployment rate** decreased and this trend also continued during the first three quarters of 2019. Despite this favourable development, progress still needs to be done to reach the Belgian Europe 2020 employment rate target of 73.2 % in 2020. This target amounts to 75 % in 2020 for the European Union.

While **consumer prices** in Belgium have been rising at a faster pace than in its main trading partners for several years now, data for the fourth quarter of 2019 seem to have put a stop to this trend, due to a decline in energy prices.

As regards the **near-term growth prospects** for Belgium, the National Accounts Institute (NAI) forecasts a deceleration in GDP growth to 1.1 % in 2019, after 1.5 % registered in 2018. The European Commission expects a deceleration of GDP growth to 1 % for 2020 and 2021.

1. Belgium at a glance

Belgium is **one of the six founding countries of the European Union**. Located in the heart of Western Europe, its position undoubtedly constitutes a key aspect of its economy and its capital, Brussels, is home to a large number of European and international institutions.

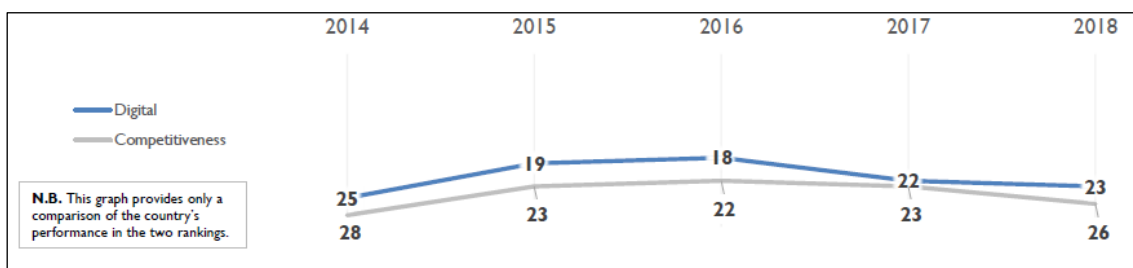


With a **surface** area of 31,000 km² and 11.4 million **inhabitants**, Belgium, along with the Netherlands, is one of the most densely populated countries in Europe.

Belgium is divided into **three regions**: the Brussels-Capital Region, Flanders and Wallonia. Its population is also broken down into three language groups (Dutch, French and German) and therefore Belgium has also three communities: the Flemish Community, the French Community and the German-speaking Community.

Belgium has a highly-developed **communication infrastructure** across the country and one of the most developed broadband telecommunications networks in Europe. Belgium therefore has a wide range of transport modes and infrastructures. For example, it has a network of main roads, railways and waterways. There are also international airports (Brussels, Liege, Charleroi, Ostend, Antwerp and Kortrijk) and seaports (Antwerp, Zeebrugge, Ghent and Ostend).

Graph 1. Competitiveness & digital rankings



Source: IMD World Competitiveness Center.

Furthermore, Belgium is **ranked** as the **27th most competitive nation** out of 63, according to the Institute for Management Development (IMD World Competitiveness Yearbook 2019 Results¹) and is **ranked 22nd** (out of 141) according to the World Economic Forum (Global Competitiveness Report 2019²). The three most problematic factors for doing business in Belgium are the tax rates, the restrictive labour regulations and the tax regulations.

¹ <https://www.imd.org/wcc/world-competitiveness-center-rankings/world-competitiveness-ranking-2019/>

² <https://www.weforum.org/reports/how-to-end-a-decade-of-lost-productivity-growth>

Belgium has a **highly-qualified workforce**.

Indeed, Belgium benefits from a strong primary and higher education as well as training, business sophistication and innovation that are amongst the most competitive in the world.

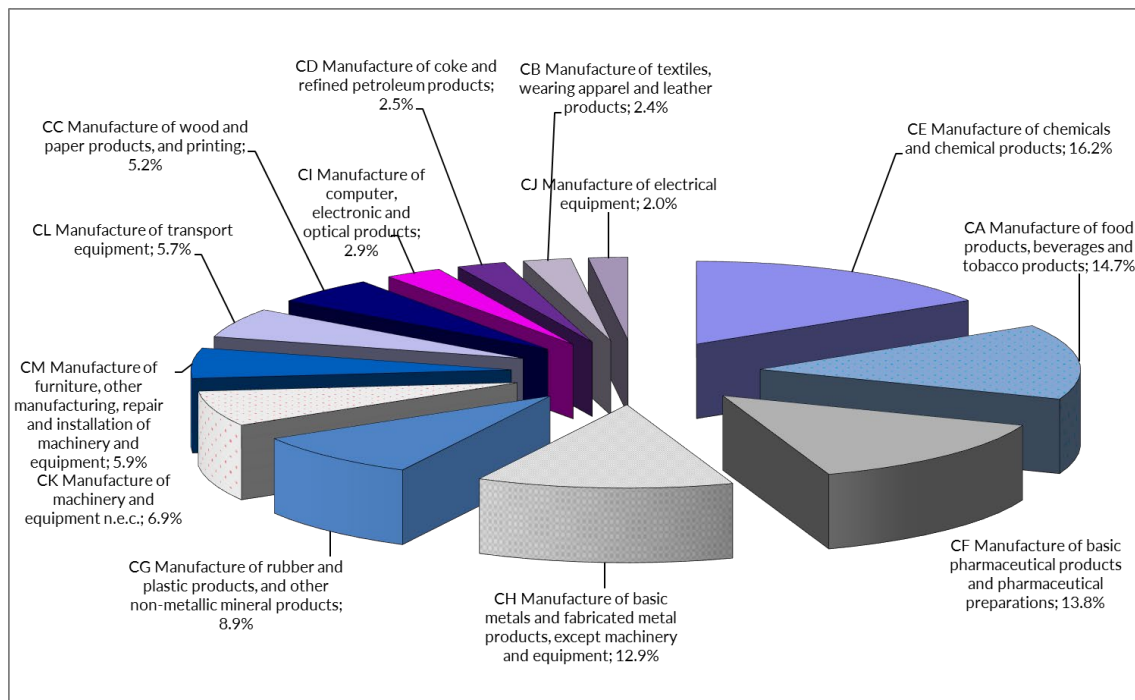
It is a quintessential “**small open economy**”: “small”, with a gross domestic product (GDP) of 459.8 billion euros in 2018, accounting for 2.9 % of the GDP of the European Union (4 % of the GDP of the euro area) and “open” with a level of openness³ of 82.7 % (81.6 % in 2017).

The openness of the Belgian economy and its membership to a single monetary zone justify a generally moderate inflation rate. Nonetheless, **consumer prices** have risen at a faster rate in Belgium than in its main trade partners (France, Germany and the Netherlands) since many years. However, the latest figures seem to show a reversal of the trend due to a decline in energy prices.

The Belgian economy, just like any modern industrialized economy, is characterized by the **growing importance of services**: the share of market services (including wholesale and retail, financial activities and insurance) in the total gross value added represented 56.5 % in 2018, while this share amounted to only 13.8 % for industry and 5.3 % for construction. The balance is distributed between non-market services (including healthcare), energy and agriculture.

Graph 2. Breakdown of the Belgian industry in 2018

Gross value added as a % share of total industry.



Source: National Accounts Institute (NAI) - Distribution per activity branches (A38).

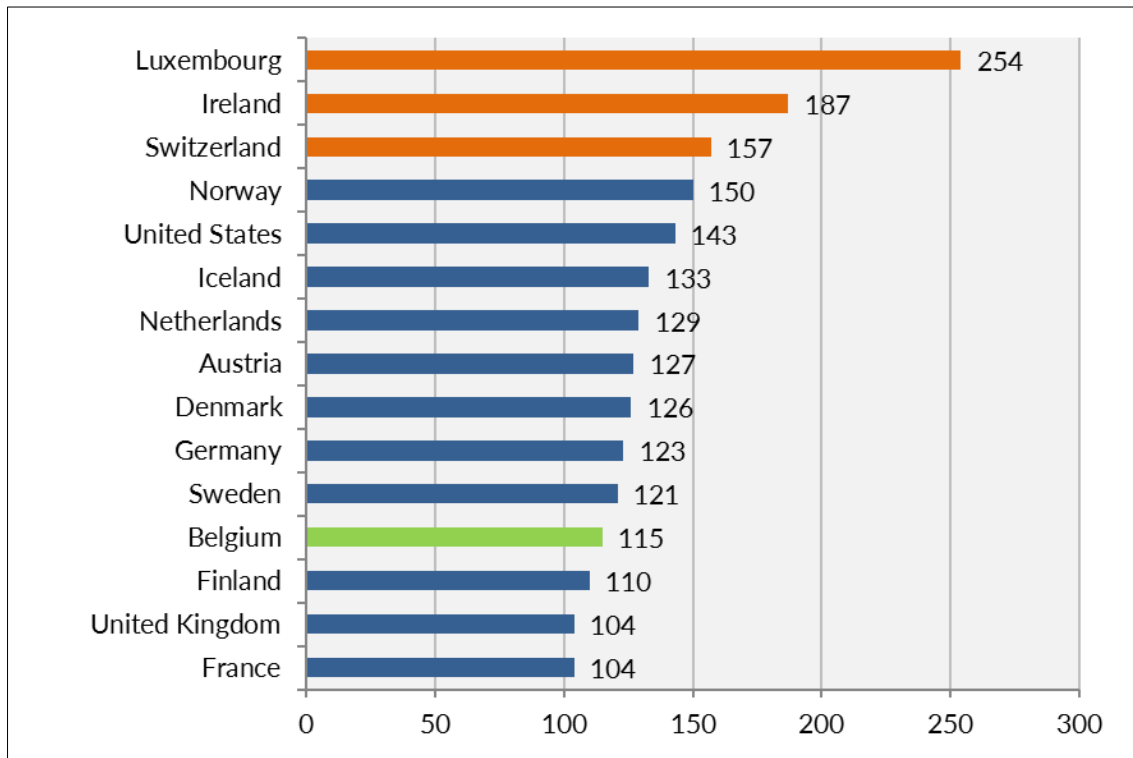
Despite its more limited size than before, the **manufacturing industry** is still key to the Belgian economy because, in addition to the fact that it generates a large share of market services, it also generates strong domestic value added by satisfying foreign demand thanks to Belgian exports.

The strong sectors of the Belgian industry are:

- the chemical industry (16.2 % of the total manufacturing value added);
- the food industries and beverages (14.7 %);
- the pharmaceutical industry (13.8 %);
- the manufacture of basic metals and fabricated metal products (12.9 %).

³ Average value of its imports and exports of goods and services divided by GDP, multiplied by 100.

Graph 3. GDP per capita in PPS in 2018



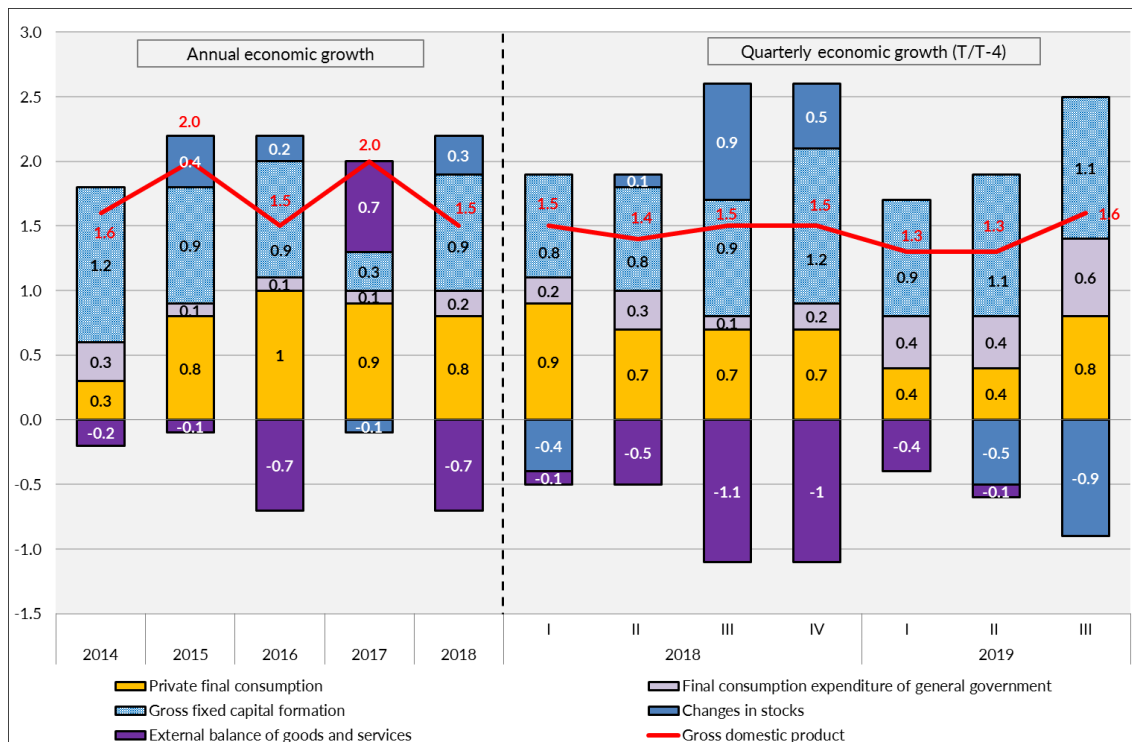
Source: Eurostat.

According to the European structural indicators from Eurostat, **Belgium's GDP per capita**, expressed in purchasing power standards, amounted to 115 in 2018 compared to the EU-28 average set equal to 100, which is one point lower than in 2017 and 6 points lower compared with 2012, its best performance over the last 10 years where it reached 121, even though this score is decreasing since then. Nevertheless, Belgium is one of the richest countries in the European Union, ranking eighth, just behind Sweden.

2. Cyclical developments in the economy

Graph 4. GDP evolution in % and contribution of the different components
“expenditures concept”

Percentage points, year-on-year.



Source: National Accounts Institute (NAI) and National Bank of Belgium (NBB).

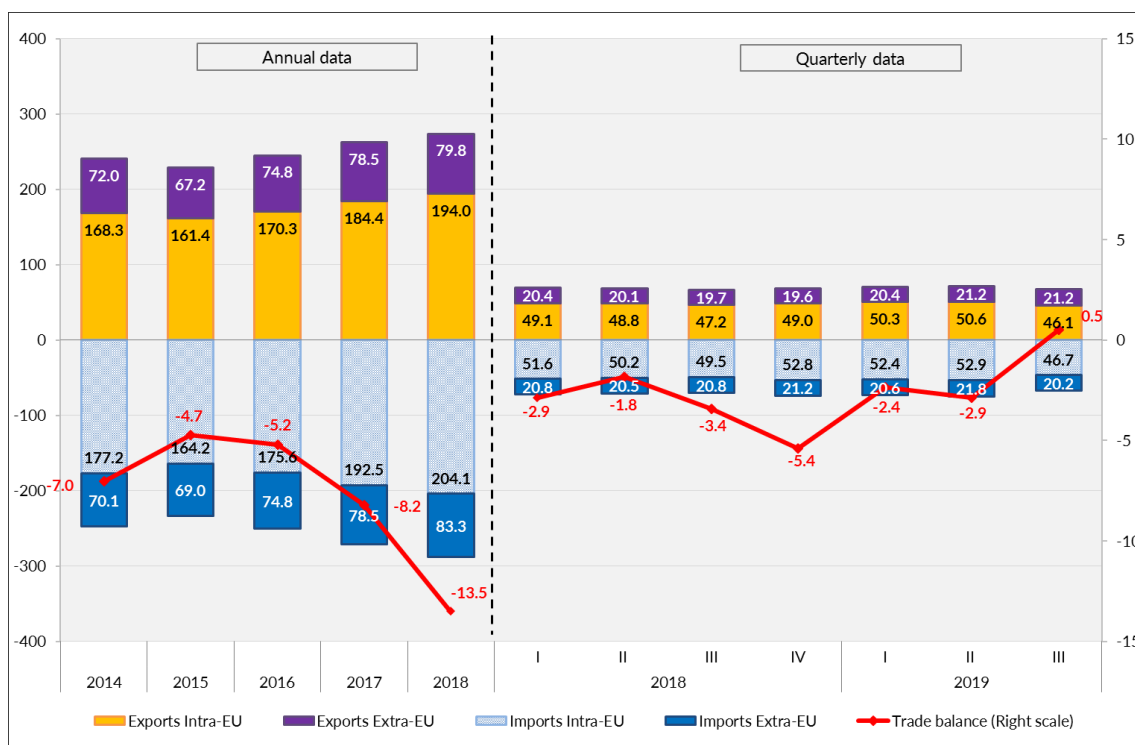
In **2018**, the annual GDP growth in Belgium amounted to 1.5 %, against 2% observed in 2017. This growth is completely driven by **domestic demand (excluding inventories)**, which contributed by 1.9 percentage points to GDP growth. In contrast to 2017, **net exports** negatively affected economic growth in 2018 (- 0.7 percentage points). The change in inventories fuelled economic growth in 2018 by 0.3 percentage points.

The GDP grew by 1.6 % during the **third quarter of 2019** (year-on-year), at a faster pace than the one observed in the previous quarter (1.3 %).

The **domestic demand (excluding inventories)** has improved economic growth by 2.5 percentage points during the third quarter of 2019. Consumption and investment are the key elements explaining this positive contribution to GDP growth. During the third quarter of 2019, the support to economic growth strengthened for private consumption (0.8 percentage points compared to 0.4 percentage points in the previous quarter) and for public expenditures (0.6 percentage points compared to 0.4 percentage points previously).

Finally, during the third quarter of 2019, **net exports** did not contribute to economic growth. Changes in inventories had a negative impact on economic growth in the third quarter of 2019 (- 0.9 percentage points compared with -0.5 percentage points in the previous quarter).

Graph 5. Foreign trade according to the national concept
In billion euros.



Source: National Accounts Institute (NAI) and National Bank of Belgium (NBB, overview table).

According to the national concept⁴, the trade balance decreased in **2018** compared to 2017, due to a greater dynamism of imports (+6.0 %) than exports (+4.2 %) of goods. Thus, the trade balance keeps decreasing and the deficit reached 13.5 billion euros in 2018.

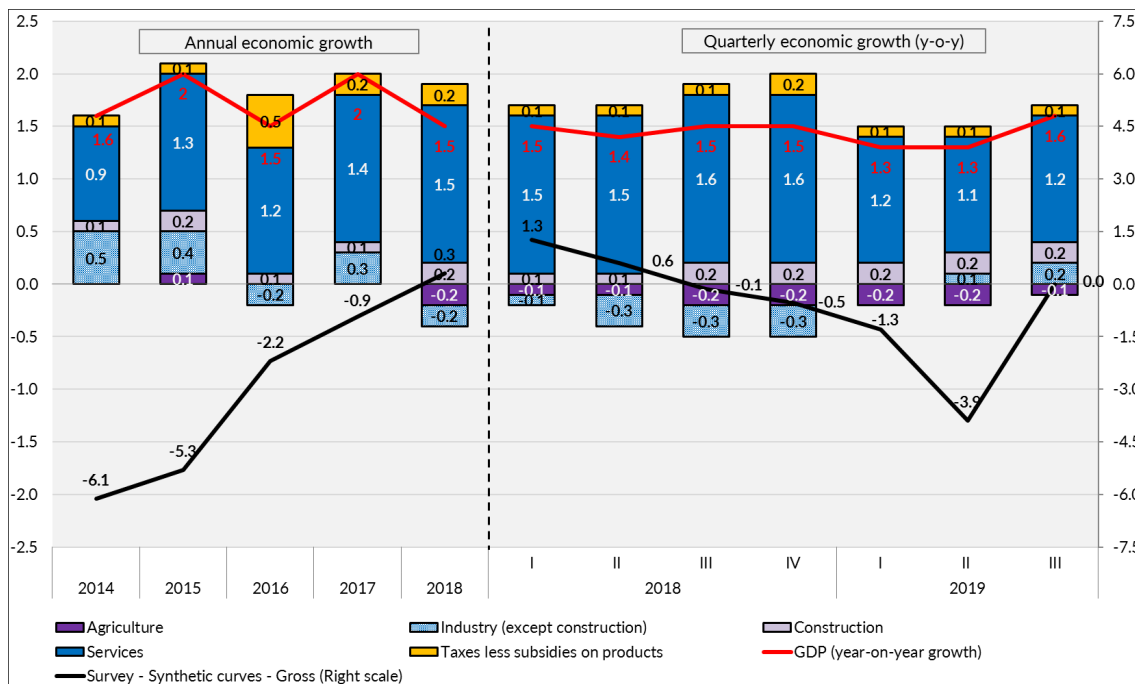
Belgian **exports** in value grew by 0.7 % during the **third quarter of 2019**, compared to the same period of 2018, reaching 67.3 billion euros (against 66.9 billion euros a year earlier). This result is due to extra-EU exports, which rose by 7.7 % year-on-year, while the intra-EU exports decreased by 2.2 % over the same period.

Belgian **imports** decreased by 4.9 % in the **third quarter of 2019** year-on-year, reaching 66.8 billion euros, due to both weaker intra-EU imports (-5.8 %) and extra-EU imports (-2.8 %).

These results translated into a **positive trade balance** in the third quarter of 2019 (+504.3 million euros). The net trade balance increased compared to the previous quarter (-2.9 billion euros) and to the corresponding quarter of the previous year (-3.4 billion euros). It is also the first quarterly surplus observed for several years.

⁴ The national concept refers solely to cross-border movements of goods involving a resident business counterparty (Source: NBB).

Graph 6. GDP in % and contribution of the different components “production concept”
Percentage points, year-on-year.



Source: National Accounts Institute (NAI) and National Bank of Belgium (NBB).

The economic activity slowed down in **2018** compared to 2017, reaching 1.5 % growth compared to 2 % in 2017. Services were again the main driver of the economic growth in Belgium, supporting it by 1.5 percentage point (against 1.4 percentage points in 2017). Activity growth in manufacturing industry was negative in 2018, thus reducing total economic growth by 0.2 percentage points after having contributed positively (+0.3 percentage points) in 2017. Agriculture also negatively affected economic growth in 2018 by 0.2 percentage points.

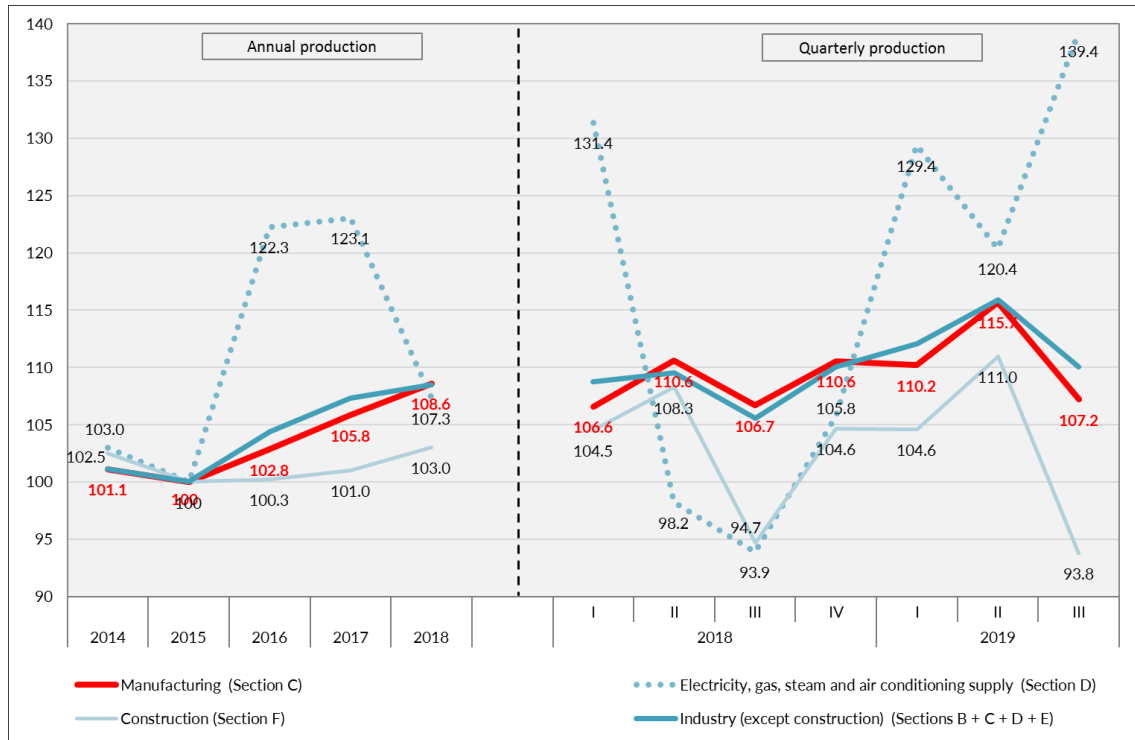
During the **third quarter of 2019**, the activity in the **industry** (excluding construction) contributed to GDP growth by 0.2 percentage points, a slight increase compared to the previous quarter (0.1 percentage points).

The contribution of **services** to GDP growth slightly increased from 1.1 percentage points in the second quarter of 2019 to 1.2 percentage points in the third quarter of 2019. As usual, services have almost entirely supported economic growth in the third quarter of 2019.

Finally, the contribution of the **construction sector** to economic growth stabilized to 0.2 percentage points in the third quarter of 2019.

While **business confidence** strongly deteriorated in the second quarter of 2019, it has improved in the third quarter of 2019.

Graph 7. Industrial production indices
2015 = 100.



Source: Statbel, Working-day adjusted indices.

In **2018**, production in the **industry (excluding construction)** increased by 1.1 % year-on-year, a decelerating growth rate compared to the one registered in 2017 (2.9 %), due to a decline in energy production observed in 2018 (-12.2 % y-o-y). In the first quarter of 2019, output growth was more dynamic (+3.7 % y-o-y) than the one registered in the last quarter of 2018 (1 % y-o-y).

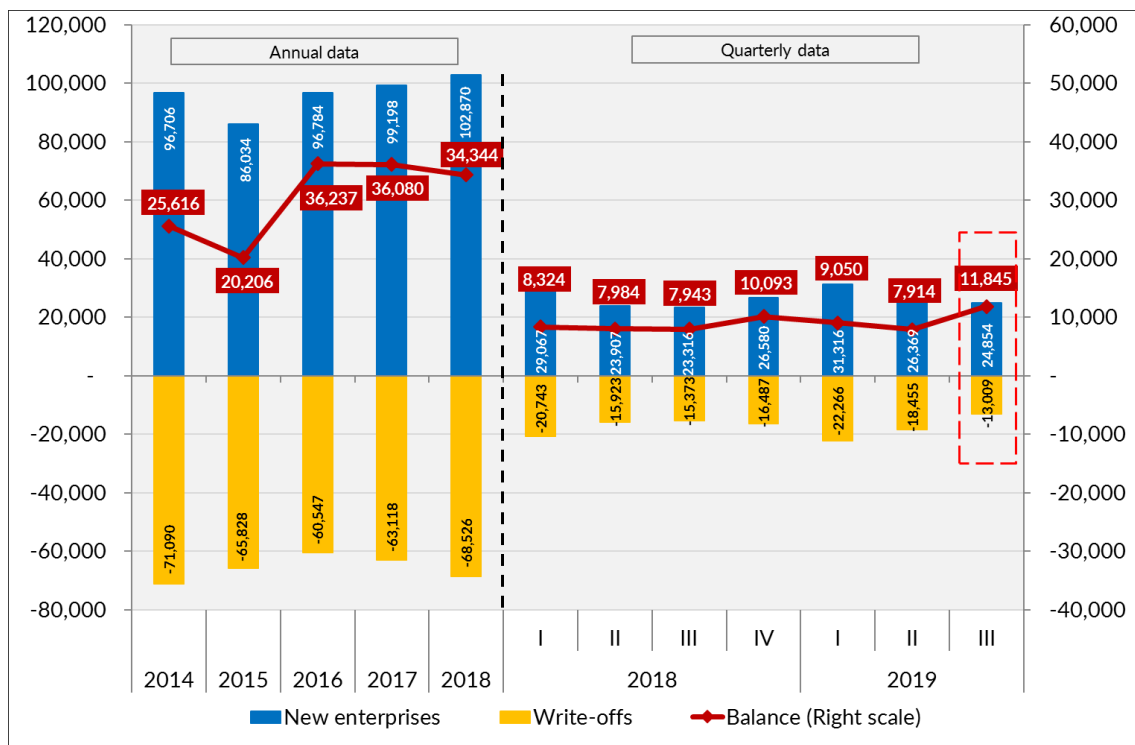
In the third quarter of 2019, output growth was dynamic (+4.3 % year-on-year, after 5.8 % in the previous quarter).

The pace of output growth rate in **manufacturing industry** has slowed down reaching 0.5 % in the third quarter of 2019 y-o-y.

With a 48.4 % increase, **electricity, gas, steam and air conditioning production** has accelerated significantly in the third quarter of 2019 compared to the corresponding quarter of 2018, since the situation returned to normal in 2019 in terms of production capacity in the Belgian nuclear fleet.

Finally, after seven consecutive quarters of growth, activity in the **construction sector** declined in the third quarter of 2019 (-1%, year-on-year).

Graph 8. Business demography in Belgium



Source: Statbel.

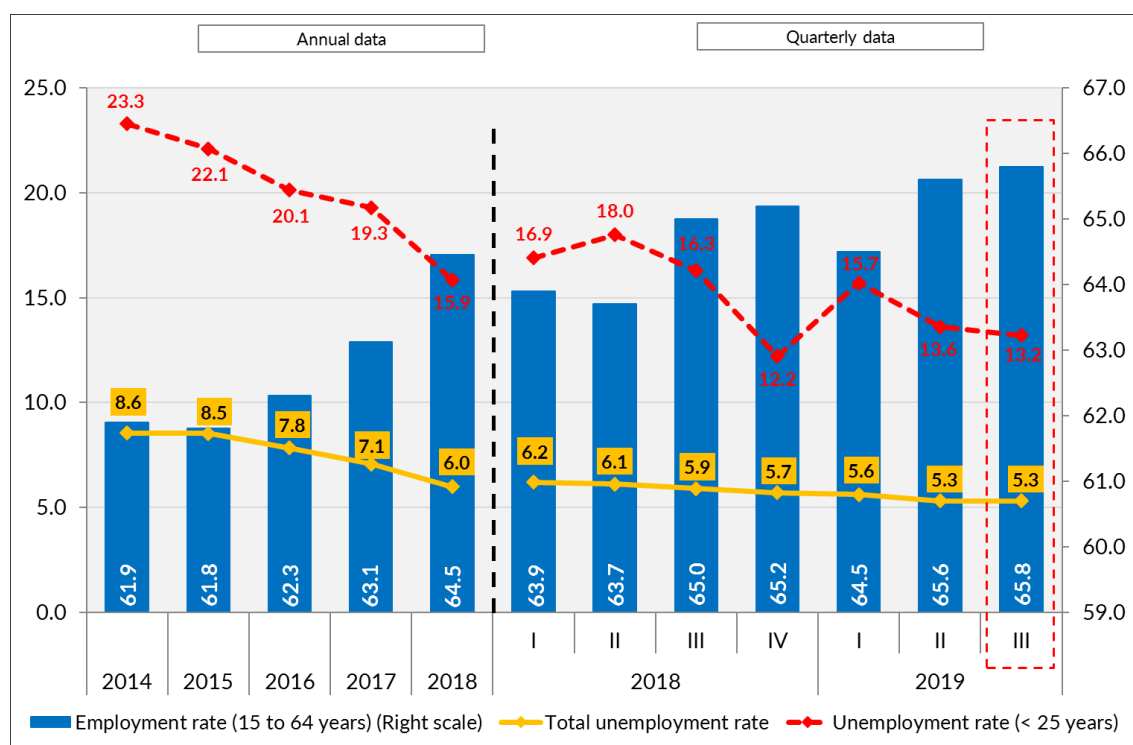
In the **third quarter of 2019**, 24,854 **new companies** were created, thus 1,538 more enterprises than in the corresponding quarter of 2018.

These new companies represent 88.5% of first tax registration (49.8 % individuals and 38.7 % legal entities) and 11.5 % of renewed tax registrations (9.42 % individuals and 2.04 % legal entities).

On the other hand, 13,009 companies **stopped their activity** in the third quarter of 2019 (83.4 % individuals and 16.6 % legal entities), thus 2,364 less closures than in the third quarter of 2018.

In the third quarter of 2019, the **balance between "Business Creations" and "Business Closures"** was positive and amounted to 11,845 companies, 32.7 % of which were individuals and 67.3 % legal entities. This balance has strongly increased compared to the one of the corresponding quarter of 2018 (+49.1 %).

Graph 9. Employment rate and harmonized unemployment
In %.



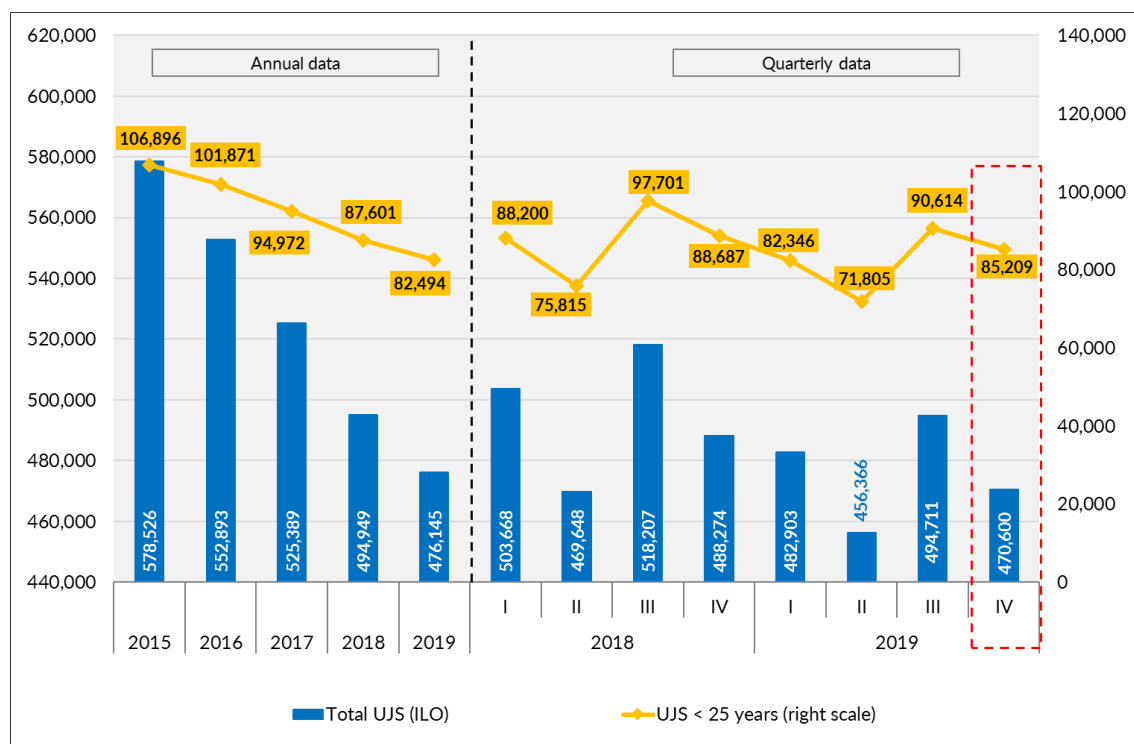
Source: Eurostat.

2018 was a favourable year for the labour market and this positive trend has continued in 2019 for the three indicators monitored. In the **third quarter of 2019**, the **employment rate** reached 65.8 %, increasing by 0.2 percentage points compared to the previous quarter and by 0.8 percentage points compared to the third quarter of 2018.

In the third quarter of 2019, the **unemployment rate** (gross data) stabilized at 5.3 %, unchanged from the previous quarter but 0.6 percentage points less on a year-on-year basis

At 13.2 %, **youth unemployment rate** has also declined in the third quarter of 2019 on a year basis, falling by 3.1 percentage points compared to the rate recorded in the third quarter of 2018 (16.3 %).

Graph 10. Number of unemployed jobseekers (UJS)



Source: NEO.

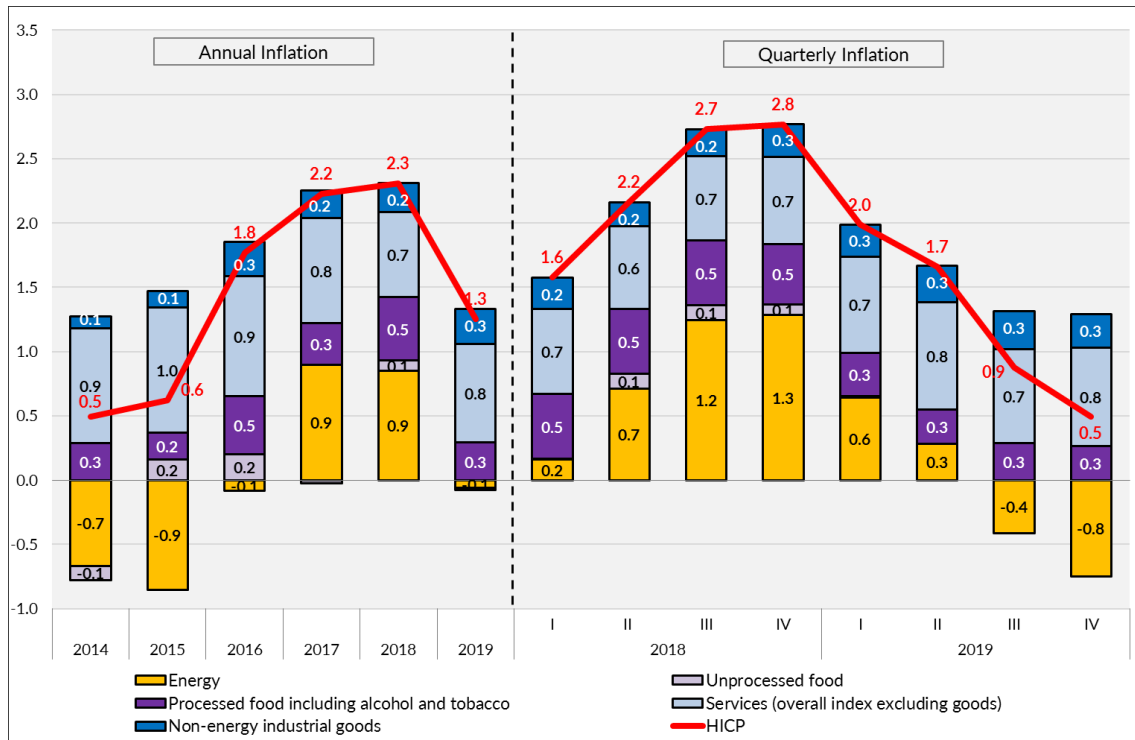
In **2019**, the number of **unoccupied job seekers (UJS)** evolved favourably compared to 2018 (down by 3.8 %) as did the youth UJS which decreased by 5.8 %.

The number of **unemployed jobseekers (UJS)** kept decreasing during the four quarters of 2019 (year-on-year). 470,600 UJS were registered in the **fourth quarter of 2019**, which means 3.6 % UJS less than those observed in the same period of 2018.

The number of **youth unoccupied job seekers (less than 25 years-old) (UJS)** also declined during the fourth quarters of 2019 (year-on-year). With 85,209 youth UJS recorded in the **fourth quarter of 2019**, there has been a year-on-year reduction of 3.9 % of them.

Graph 11. Harmonized consumer price index (HICP) and contribution to inflation of the 5 major product groups

HICP in % and contribution in percentage points.



Source: Statbel.

After the slight acceleration in the **headline inflation** in Belgium, based on the Harmonized Index of Consumer Prices (HICP), in **2018** compared to 2017, it slowed down in 2019, reaching 1.3 %.

The inflation slowdown observed in the **fourth quarter of 2019**, compared to the previous quarter, can be explained by the main **energy products**, which experienced again a sharp drop in inflation (-7.2 %). The contribution of this group of products to headline inflation was therefore negative (-0.8 percentage points).

Consumer prices of **processed food products** rose by 1.6 % in the fourth quarter of 2019 (slightly slower than in the previous quarter +1.7 %), contributing 0.3 percentage points to headline inflation. Consumer prices of **unprocessed food products** fell by 1.1 %, but due to their moderate weight in the consumer basket, their contribution to headline inflation was insignificant.

Due to its high weight in the consumer basket (over 40 %), the increase in **services** inflation (+1.8 % in the fourth quarter of 2019 compared to 1.7 % in the previous quarter), pushed total inflation upwards by 0.8 percentage points.

The fifth product group, **non-energy industrial products**, recorded a slight increase in inflation in the fourth quarter of 2019 (+1 %), a quasi-stabilization compared to the previous quarter (+1.1 %), thereby fuelling headline inflation by 0.3 percentage points.

3. Foreign trade – Overview of trade flows

Table 1. Share of national exports in world exports

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EU28	16.2%	16.7%	15.5%	15.5%	15.1%	15.8%	15.5%	15.6%	15.9%	15.8%	15.6%
Russia	3.9%	3.3%	3.4%	3.7%	3.7%	3.6%	3.4%	2.7%	2.5%	2.8%	3.0%
USA	10.9%	11.6%	11.0%	10.6%	10.8%	10.8%	11.1%	11.8%	12.0%	11.5%	11.2%
China	12.0%	13.2%	13.6%	13.6%	14.3%	15.1%	16.0%	17.9%	17.3%	16.9%	16.8%
Japan	6.6%	6.4%	6.7%	5.9%	5.6%	4.9%	4.7%	4.9%	5.3%	5.2%	5.0%
India	1.5%	1.9%	1.9%	2.2%	2.0%	2.3%	2.2%	2.1%	2.1%	2.2%	2.2%

Source: Eurostat.

The share of the **European Union** as a whole (EU28) in the world trade exports has slightly decreased between 2008 and 2018, in contrast to the growing importance of **China**. Indeed, its export share in world exports has grown by more than one third, rising from 12 % in 2008 to 16.8 % in 2018, even though it is decreasing since 2016. **Russia** has followed an opposite path compared to China, with a share of its national exports in world exports decreasing from 3.9 % in 2008 to 3 % in 2018. It is the same for **Japan** with a share that reduced from 6.6 % in 2008 to 5 % in 2018. The share of **India** has increased over the years, reaching 2.2 % in 2018.

Between 2017 and 2018, the share of the EU28, the USA, China and Japan exports in world trade exports decreased.

Table 2. The share of Belgian exports going to the main geographical areas of the world

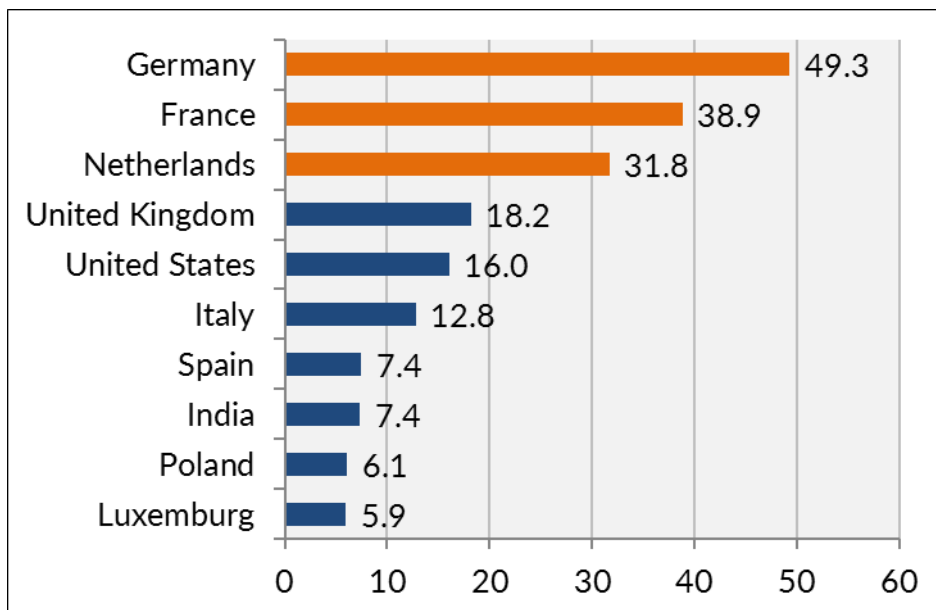
	2014	2015	2016	2017	2018
World (all entities)	100%	100%	100%	100%	100%
European Union	70.0%	70.6%	69.5%	70.1%	70.9%
Other European countries	5.0%	4.3%	4.7%	4.7%	4.4%
<i>Russia</i>	1.0%	0.7%	0.9%	1.0%	0.9%
Africa	2.9%	2.8%	2.7%	2.8%	2.7%
America	7.1%	8.1%	8.9%	8.1%	8.5%
<i>United States</i>	4.8%	5.5%	6.8%	6.2%	6.7%
Asia	12.7%	12.3%	12.8%	12.5%	11.1%
<i>China</i>	2.3%	2.0%	2.2%	2.4%	1.9%
<i>India</i>	3.4%	3.2%	3.2%	2.9%	2.7%
<i>Japan</i>	0.8%	0.8%	1.1%	1.0%	1.0%
Australia and Oceania	0.5%	0.6%	0.6%	0.6%	0.9%
Other	1.7%	1.3%	0.9%	1.2%	1.5%

Source: National Accounts Institute (NAI), national concept.

The **European Union** is the **leading destination for Belgian exports of goods** with a share of 70.9 % of total Belgian exports of goods in 2018. Although this share remained quite stable compared with 2014, it reduced by 1 percentage point in 2018 compared to 2017 and benefited to Africa (+0.6 percentage points) and America (+0.7 percentage points). This stability with 2014 is also observed in the trade relations with other European countries, Africa and Australia. However, in 2018, Asia's share of the Belgian exports of goods decreased compared with 2014 (+1.3 percentage points), while America's share rose (+1.6 percentage points). The share of Belgian exports dedicated to Russia has remained quite stable in recent years, coming from 1 % in 2014 to 0.9 % in 2018.

Graph 12. Most important export partners in 2018

In billion euros.



Source: National Accounts Institute (NAI), national concept.

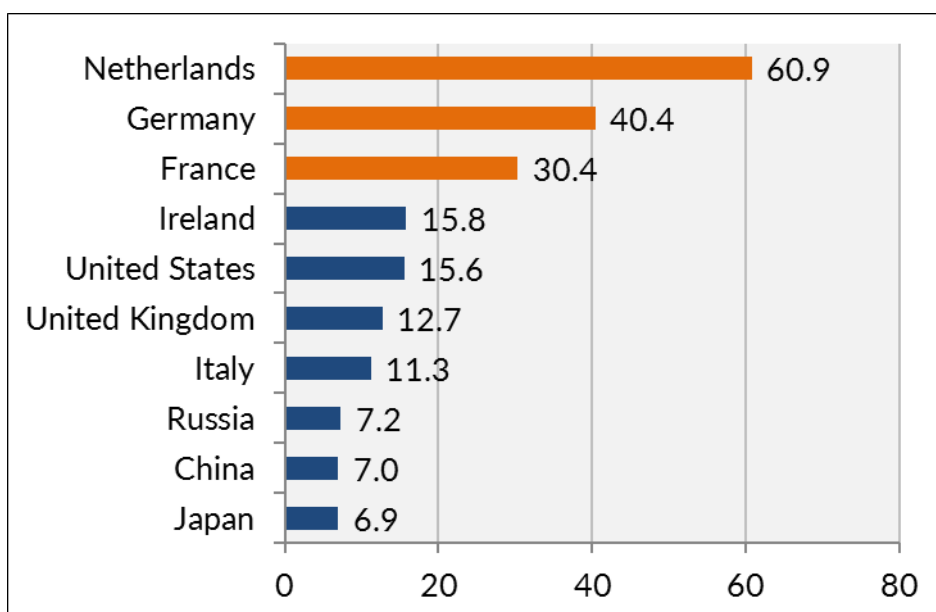
In 2018, Belgian exports of goods went mainly to nearby countries. The first destination was **Germany**, accounting for 49.3 billion euros, followed by **France** with 38.9 billion euros and **the Netherlands** with 31.8 billion euros. Together, those 3 countries received 43.8 % of total Belgian exports of goods.

The **United Kingdom** comes in 4th place with approximately 18.2 billion euros of Belgian exported goods to this country, which represents 6.6 % of total Belgian exports.

Russia is the 21st largest export market for Belgium in 2018, with 2.3 billion euros of goods exported to this country.

Graph 13. Most important import partners in 2018

In billion euros.



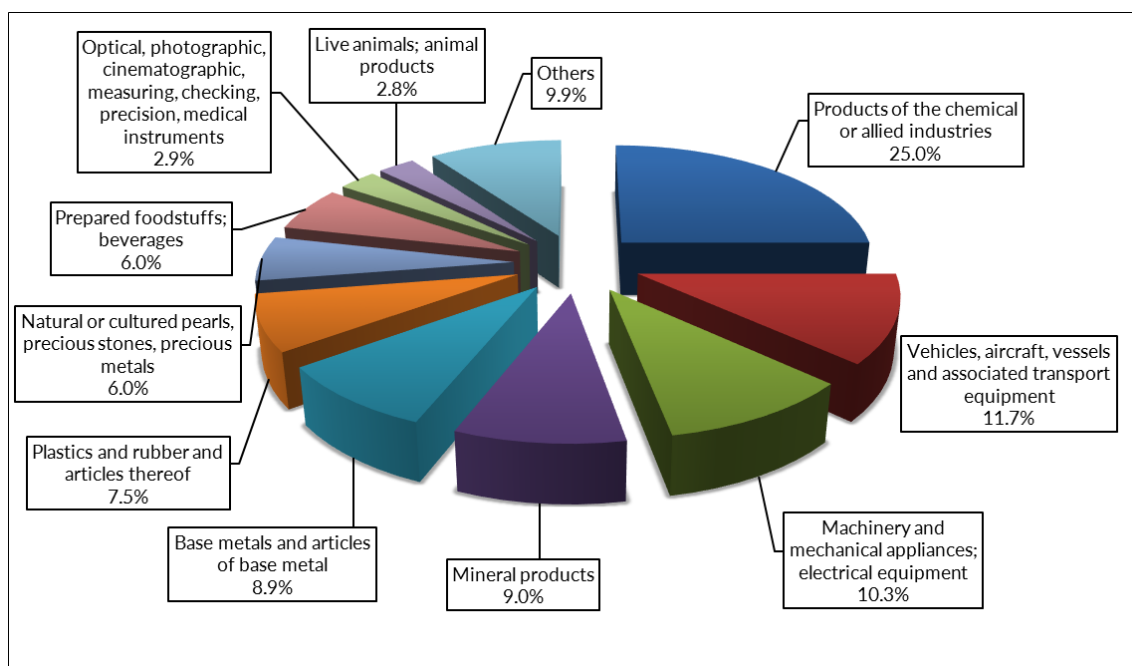
Source: National Accounts Institute (NAI), national concept.

The main partners for Belgian imports of goods in 2018 were the same ones as those for its exports. Thereby, the first provider was **the Netherlands**, accounting for 60.9 billion euros, followed by **Germany** with 40.4 billion euros and **France** with 30.4 billion euros. Together, those 3 countries supplied 45.8 % of total Belgian imports of goods.

Although the **United Kingdom** lost ground in the ranking compared to 2017, it still appears in the top 10 (6th) of Belgian partners for its imports of goods (it was still 5th in 2017). Indeed, the United Kingdom delivered goods for an amount of 12.7 billion euros in 2018, which is equivalent to a share of 4.4 % of total Belgian imports.

Russia ranks 8th among the suppliers of the Belgian market in terms of imports. Belgium imported goods from Russia for 7.2 billion euros in 2018.

Graph 14. Breakdown of Belgian exports in 2018



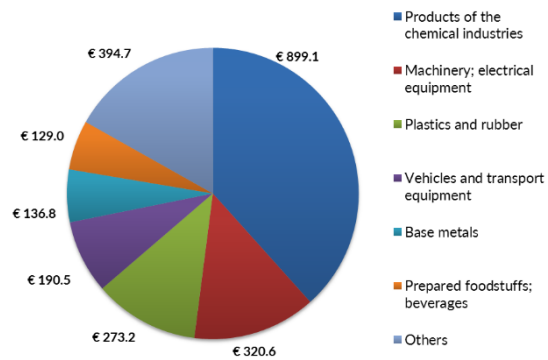
Source: National Accounts Institute (NAI), national concept.

In 2018, mainly four sectors dominated total Belgian exports of goods. These were **chemical products** (25 % - 68.4 billion euros), **vehicles and transport equipment** (11.7 % - 32.2 billion euros), **machinery and equipment** (10.3 % - 28.3 billion euros) and **mineral products** (9 % - 24.7 billion euros). Together, those four sectors represented more than half of total Belgian exports.

Focus: Trade flow between Belgium and Russia in 2018.

Graph 15. Exports to Russia in 2018

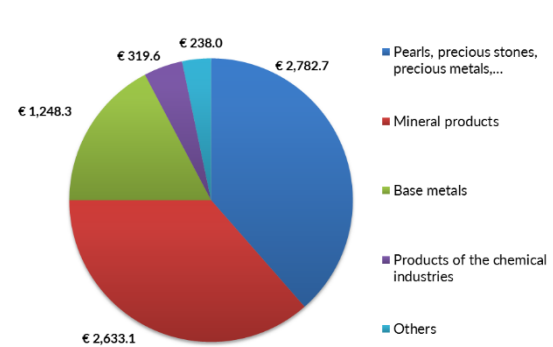
In million euros.



Source: NBB (national concept).

Graph 16. Imports from Russia in 2018

In million euros.



Source: NBB (national concept).

The main exported products to Russia by Belgium in 2018 were **chemical products** and accounted for 899.1 million euros, representing 38.4 % of total Belgian exports to Russia.

Machinery and electrical equipment were the second main exported products dedicated to Russia, accounting for 320.6 million euros, equivalent to 13.7 % of all Belgian goods exported to Russia.

Belgian exports of **chemical products** added to exports of **machinery** represented together more than half of total Belgian exports of goods going to Russia in 2018 (52 %).

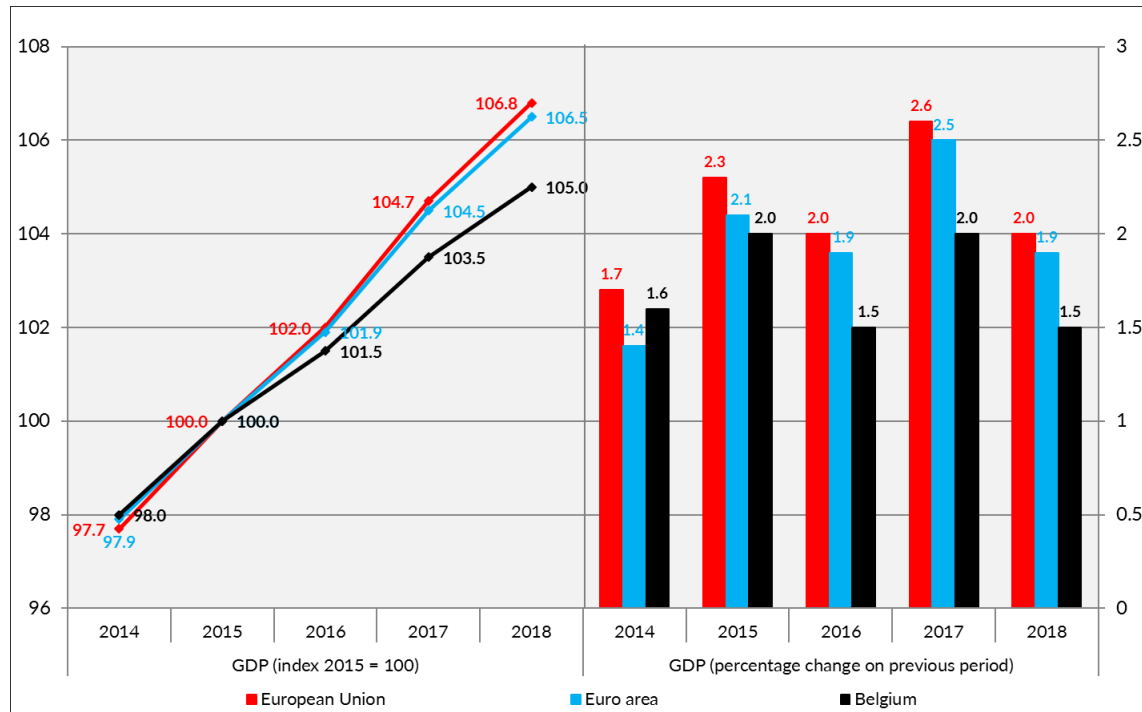
The main imported products from Russia by Belgium in 2018 were **pearls and precious stones**, mainly diamonds, and amounted to almost 2.8 billion euros (38.5 % of total Belgian imports from Russia in 2018).

The second most imported products from Russia by Belgium in 2018 were **the mineral products**, and they accounted for 2.6 billion euros, which means a share of 36.5 % of Belgian imports coming from this country.

Finally, imports of these two categories of products (**pearls and mineral products**) represented three quarters of Belgian imports coming from Russia in 2018 (75 %).

4. The place of Belgium compared to the European Union

Graph 17. GDP in Belgium, the European Union and the euro area

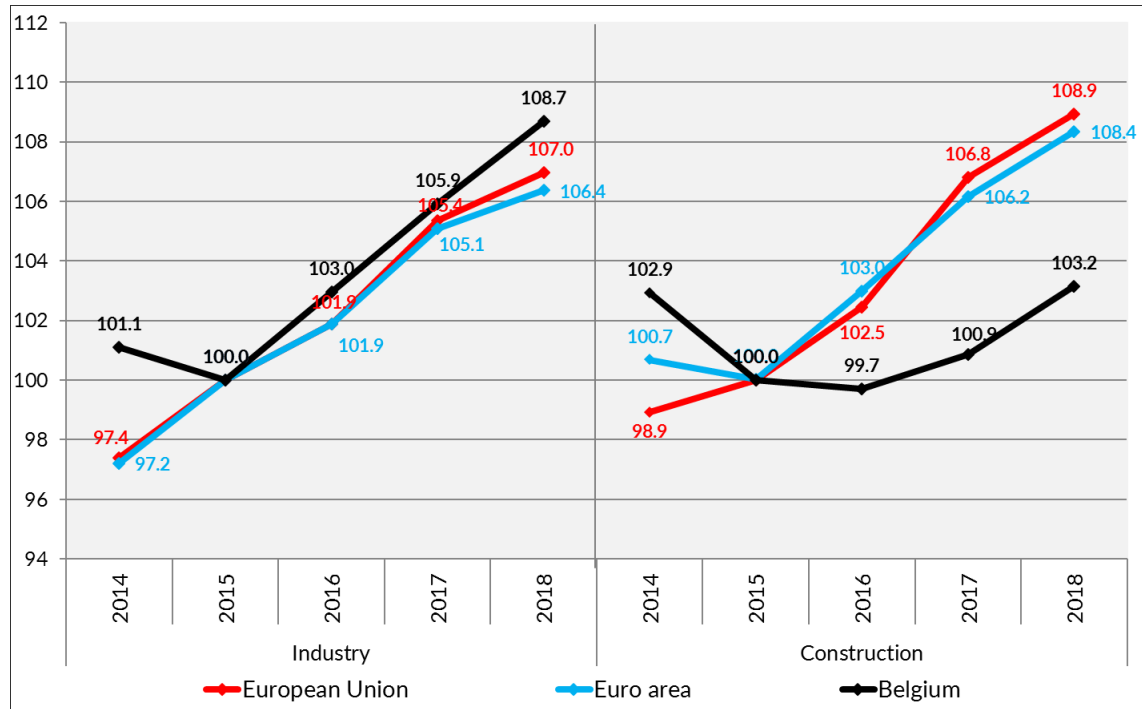


Source: Eurostat.

Increase in the **GDP** since 2010 in Belgium, since 2013 in the European Union, and since 2014 in the euro area.

Since 2015, GDP grows at a **slower pace in Belgium** than in the two other areas.

Graph 18. Production index in the industry and in the construction
Index 2015 = 100.

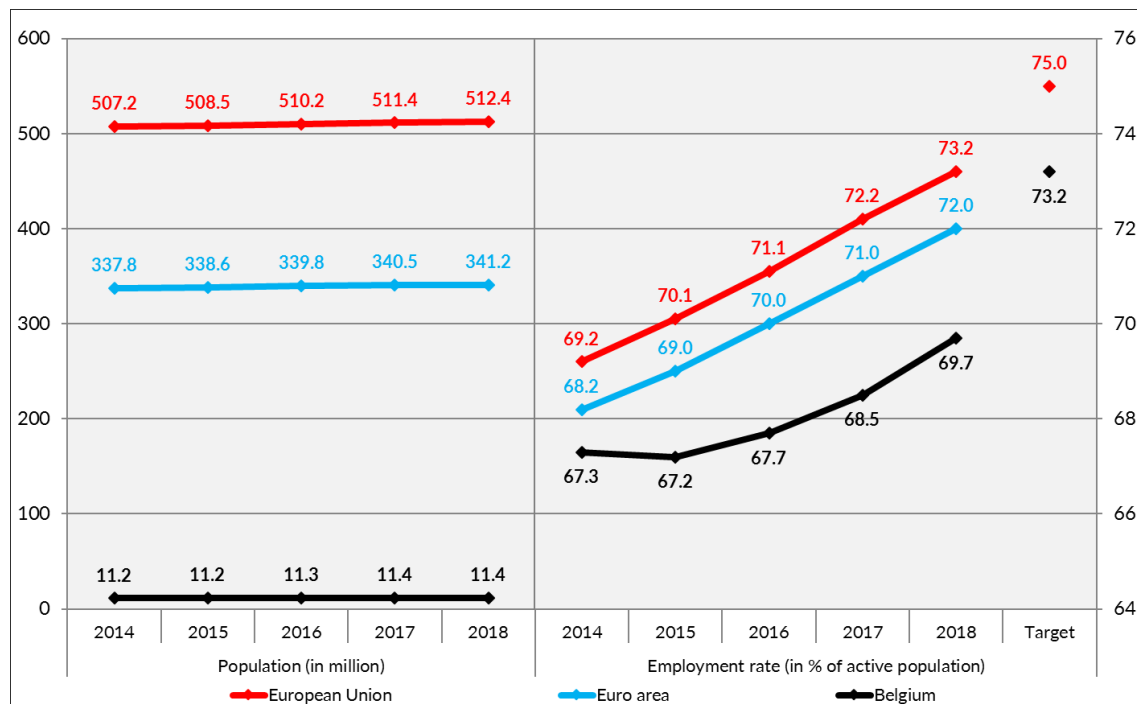


Source: Eurostat.

Continuation of the upward trend of the **production index** in the **manufacturing industry** in Belgium but also in the other two areas, although at a slower pace in 2018.

In Belgium, the **production index** in the **construction sector** grew for the second year in a row in 2018, after a downward trend observed until 2016. The production continued to grow dynamically in the two other areas.

Graph 19. Population and employment rate

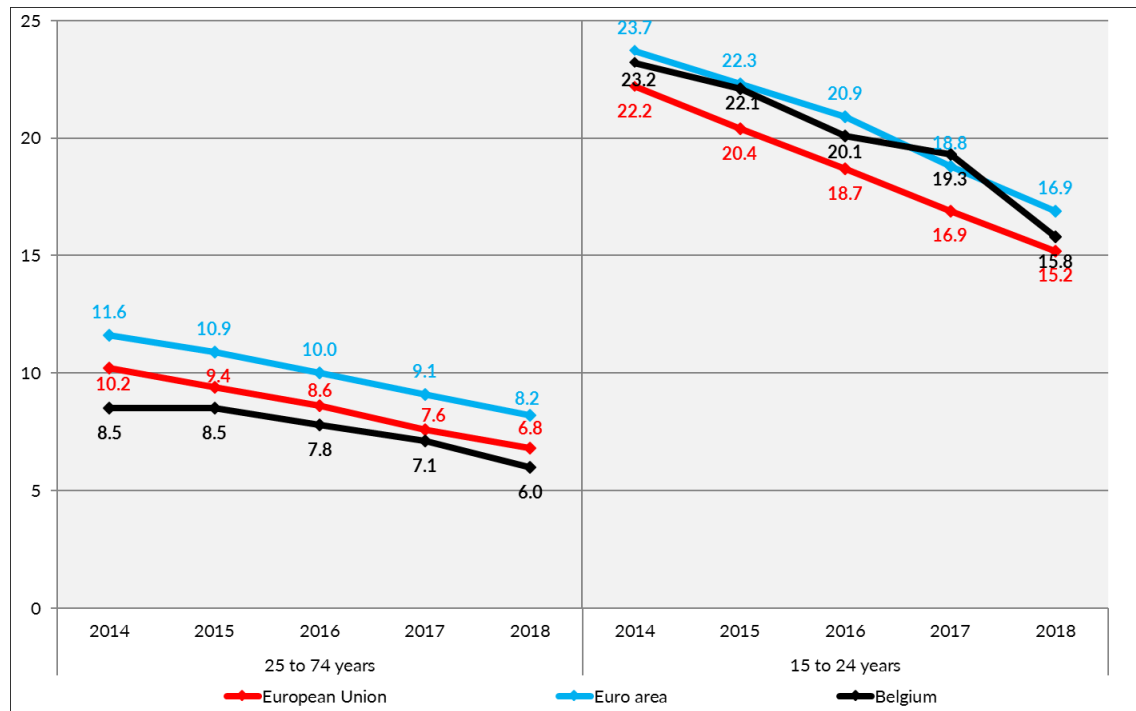


Source: Eurostat.

With 11.4 million inhabitants on 1st January 2018, Belgium's **population** accounted for 3.3 % of the one in the euro area (341.2 million inhabitants) and for 2.2 % of the European Union's population as a whole (512.4 million inhabitants).

With 69.7 %, Belgium's **employment rate** in 2018 is close to the average rates registered in the euro area (72 %) and in the European Union (73.2 %).

Graph 20. Unemployment rate



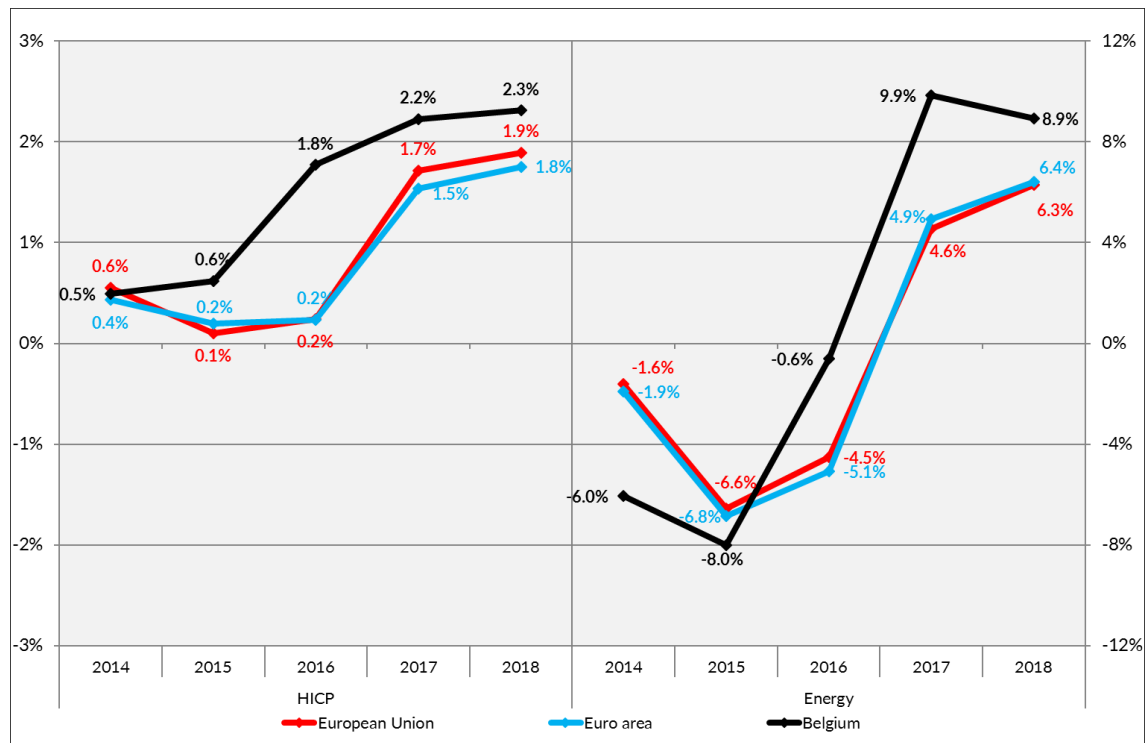
Source: Eurostat.

In 2018, Belgium's **unemployment rate (25-74-year-olds)** pursued its downward path and reached its lowest level in the analysed period. This is also true for the euro area and the European Union, but the decline has been more pronounced in Belgium than in the two other zones. Compared with 2017, this rate is down by 1.1 percentage points in Belgium, by 0.9 percentage points in the euro area and by 0.8 percentage points in the European Union.

The downward trend in the **youth unemployment rate (15-24-year-olds)** initiated in 2014 has continued in 2018: -3.5 percentage points in Belgium compared to 2017 (euro area: -1.9 pp; EU: -1.6 pp). For many years, the youth unemployment rate in Belgium has been higher than in the euro area but lower than in the European Union, with the exception of 2017 as far as the euro area is concerned.

In 2018, the gap between Belgium and the European Union is narrowing regarding the youth unemployment rate, while widening with the euro area.

Graph 21. Inflation



Source: Eurostat.

Inflation has risen faster in Belgium than in its main trade partners (France, Germany and the Netherlands) and in the euro area since several years.

A widening of the gap in **energy prices** has been observed between Belgium and the euro area since 2016, although it has narrowed somewhat in 2018.

5. Macroeconomic forecasts

Table 3. GDP growth forecasts in the international environment

In %.

International environnement	2018	2019 (e)	2020 (e)	2021 (e)
World	3.6	2.9	3.3	3.4
United States	2.9	2.3	2.0	1.7
China	6.6	6.1	6.0	5.8
Euro area	1.9	1.2	1.3	1.4
Germany	1.5	0.5	1.1	1.4
France	1.7	1.3	1.3	1.3
The Netherlands	2.6	1.7	1.3	1.3
United Kingdom	1.3	1.3	1.4	1.5
Russia	2.3	1.1	1.9	2.0

(e) = estimate.

Source: IMF ([World Economic Outlook](#), January 2020), EC ([European Economic Forecast](#), autumn 2019).

Table 4. GDP growth forecasts in Belgium

In %, unless otherwise indicated.

Belgium	2018	2019 (e)	2020 (e)	2021 (e)
GDP	1.5	1.1	1.0	1.0
Final consumption expenditure of households and NPI	1.5	1	1.2	1.3
Final consumption expenditure of general government	0.9	1.2	1.2	1.2
Gross fixed capital formation	4.0	3.4	1.7	1.6
<i>Net exports (goods and services) (contribution to growth, in p.p.)</i>	-0.7	0	-0.3	-0.3
Total inflation (ICP)	2.1	1.4	1.2	

(e) = estimate.

Source: EC ([European Economic Forecast](#), autumn 2019), NAI.