



# **BELGIUM'S ECONOMY IN A NUTSHELL**

ECONOMIC OUTLOOK  
OF OCTOBER 2020



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

Rue du Progrès 50 – 1210 Brussels

Enterprise no: 0314.595.348



○ 0800 120 33 (free number)



○ SPFEco



○ @spfeconomie



○ [linkedin.com/company/fod-economie](https://www.linkedin.com/company/fod-economie) (bilingual page)



○ [instagram.com/spfecoco](https://www.instagram.com/spfecoco)



○ [youtube.com/user/SPFEconomie](https://www.youtube.com/user/SPFEconomie)



○ [economie.fgov.be](http://economie.fgov.be)

**Publisher:**

Regis Massant

Chairman a.i. of the Board Committee

Rue du Progrès 50 – 1210 Brussels

Internet version

## Table of Contents

Introduction.....	4
1. Belgium at a glance.....	5
2. Cyclical developments in the economy .....	8
3. Foreign trade – Overview of trade flows.....	16
4. Belgium's performance compared to that of the European Union.....	20
5. Macroeconomic forecasts.....	24

## List of graphs

Graph 1. Competitiveness & digital rankings .....	5
Graph 2. Breakdown of the Belgian industry in 2019 .....	6
Graph 3. GDP per capita in PPS in 2019.....	7
Graph 4. GDP evolution in % and contribution of the different components “expenditures concept”.....	8
Graph 5. Foreign trade according to the national concept.....	9
Graph 6. GDP in % and contribution of the different components “production concept” .....	10
Graph 7. Industrial production indices.....	11
Graph 8. Business demography in Belgium .....	12
Graph 9. Employment rate and harmonized unemployment .....	13
Graph 10. Number of unemployed jobseekers (UJS).....	14
Graph 11. Harmonized consumer price index (HICP) and contribution to inflation of the five major product groups .....	15
Graph 12. Most important export partners in 2019 .....	17
Graph 13. Most important import partners in 2019 .....	17
Graph 14. Breakdown of Belgian exports in 2019 .....	18
Graph 15. Exports to Turkey in 2019 .....	19
Graph 16. Imports from Turkey in 2019 .....	19
Graph 17. GDP in Belgium, the European Union and the euro area.....	20
Graph 18. Production index in the industry and in the construction.....	21
Graph 19. Population and employment rate .....	21
Graph 20. Unemployment rate.....	22
Graph 21. Inflation.....	23

## List of tables

Table 1. Share of national exports in world exports.....	16
Table 2. The share of Belgian exports going to the main geographical areas of the world.....	16
Table 3. GDP growth forecasts in the international environment.....	24
Table 4. GDP growth forecasts in Belgium.....	24

# Introduction

Belgium, a **small and open economy** of 11.5 million inhabitants, is located in the heart of Europe. In 2019, its GDP reached 476.2 billion euros. 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 63.8 % of Belgian exports are directed to the European Union market (United Kingdom excluded). The most significant trade partners for Belgium are its neighbouring countries, namely Germany, France and the Netherlands. Yet, despite an improvement in its balance, the trade balance was still negative in 2019.

In 2019, the **products mainly exported** by Belgian companies concerned the chemical industries, as well as vehicles and transport equipment and finally machinery and equipment.

In 2019, the pharmaceutical industry was the **main value added creator within the manufacturing industry**, followed by the chemical industry and food and beverages.

Recent cyclical developments indicate that Belgium enjoyed a relatively good **GDP growth** in 2019 (+1.7 % year-on-year, compared to +1.8 % in 2018), thanks to a strong domestic demand (excluding inventory changes). Moreover, GDP growth was more vigorous in Belgium than in the European Union (+1.5 %) and in the euro area (+1.3 %) in 2019. During the **second quarter of 2020**, the Belgian GDP strongly decreased (-13.9 % year-on-year), which is the result of severe containment measures taken by the government and the cessation of activities considered as non-essential. In particular, private consumption and investment expenditures have collapsed. Only net exports have positively contributed to GDP growth in the second quarter of 2020.

**Services** have been the main driver of economic growth since 2014.

The **production index** in the manufacturing industry (construction excluded) increased for the fourth year in a row in 2019 while the production index in the construction sector has slightly decreased. However, the decline in production of these two branches of activity observed in the first quarter of 2020, one year apart, was sharply intensified in the second quarter of 2020, mostly due to the partial or total cessation of activity in various industries following the containment measures taken by the government to counter the expansion of the Covid-19 pandemic.

**Business demographics** continued to be strong in 2019, with more business creations than closures and a net balance of 37,546 units, the highest net balance observed over the period 2015-2019. While this entrepreneurial dynamism continued in the first quarter of 2020, the situation deteriorated somewhat afterwards. Indeed, while remaining positive, the net balance of new business creations and closures continues to deteriorate year-on-year.

Overall, 2019 proved to be a favourable year for the **labour market**, with **employment rates** continuing to rise and **unemployment rates** declining (both total unemployment and unemployment among young people under 25). Conversely, in the second quarter of 2020, only the total unemployment rate performed well, continuing to fall to 4.9 % (compared with 5.3 % in the second quarter of 2019). Indeed, the employment rate fell to 64.2 % compared to 65.6 % a year earlier and the youth unemployment rate reached 15.3 % compared to 13.6 % a year earlier. This is not surprising given the severe economic and health crisis affecting most of the world's economies.

After a slowdown observed in the second quarter of 2020, driven by a decline in the prices of the main energy products and, to a lesser extent, by a deceleration of inflation in services, total **inflation** (measured through HICP) started to rise again in the third quarter of 2020.

As regards the **short-term growth prospects for Belgium**, the FPB is predicting a major economic recession in 2020 as a result of the global coronavirus crisis. Consequently, GDP would fall by 7.4 % (which is less pronounced than initially expected) in 2020 after having grown by 1.7 % in 2019. Nevertheless, the recovery is already expected to take place in 2021 with an economic growth of 6.5 %. Naturally, given the uncertainties still surrounding the pandemic and its evolution, these forecasts are likely to be revised in the coming months.

# 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.

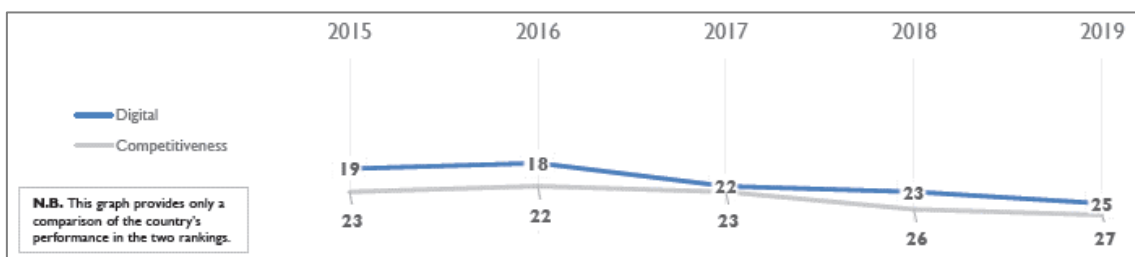


With a **surface** area of 31,000 km<sup>2</sup> and 11.5 million **inhabitants**, Belgium, along with the Netherlands, is one of the most densely populated countries in Europe.

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 also has 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 **25<sup>th</sup> most competitive nation** out of 63, according to the Institute for Management Development (IMD World Competitiveness Yearbook 2020 Results<sup>1</sup>) and is **ranked 22<sup>nd</sup>** (out of 141) according to the World Economic Forum (Global Competitiveness Report 2019<sup>2</sup>). The three most problematic factors for doing business in Belgium are the tax rates, the restrictive labour regulations and the tax regulations.

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.

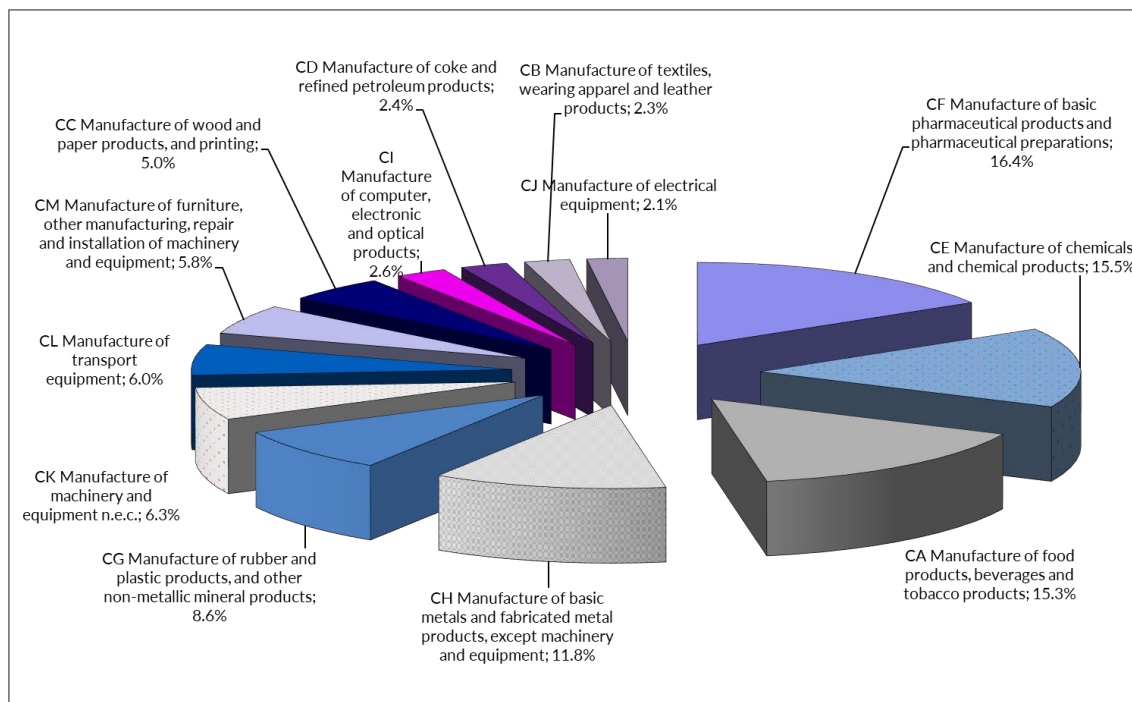
It is a quintessential “**small open economy**”: “small”, with a gross domestic product (GDP) of 476.2 billion euros in 2019, accounting for 2.9 % of the GDP of the European Union<sup>3</sup> (4 % of the GDP of the euro area<sup>4</sup>) and “open” with a level of openness<sup>5</sup> of 81.6 % (82.7 % in 2018).

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 2019

*Gross value added as a % share of total industry.*



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

<sup>1</sup> <https://www.imd.org/wcc/world-competitiveness-center-rankings/world-competitiveness-ranking-2020/>

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

<sup>3</sup> In 2019, the GDP of the European Union (28 countries) amounts to 16,486.3 billion euros (+3.4 % compared with 2018).

<sup>4</sup> In 2019, the GDP of the euro area amounts to 11,935.4 billion euros (+3 % compared with 2018).

<sup>5</sup> Average value of its imports and exports of goods and services divided by GDP, multiplied by 100.

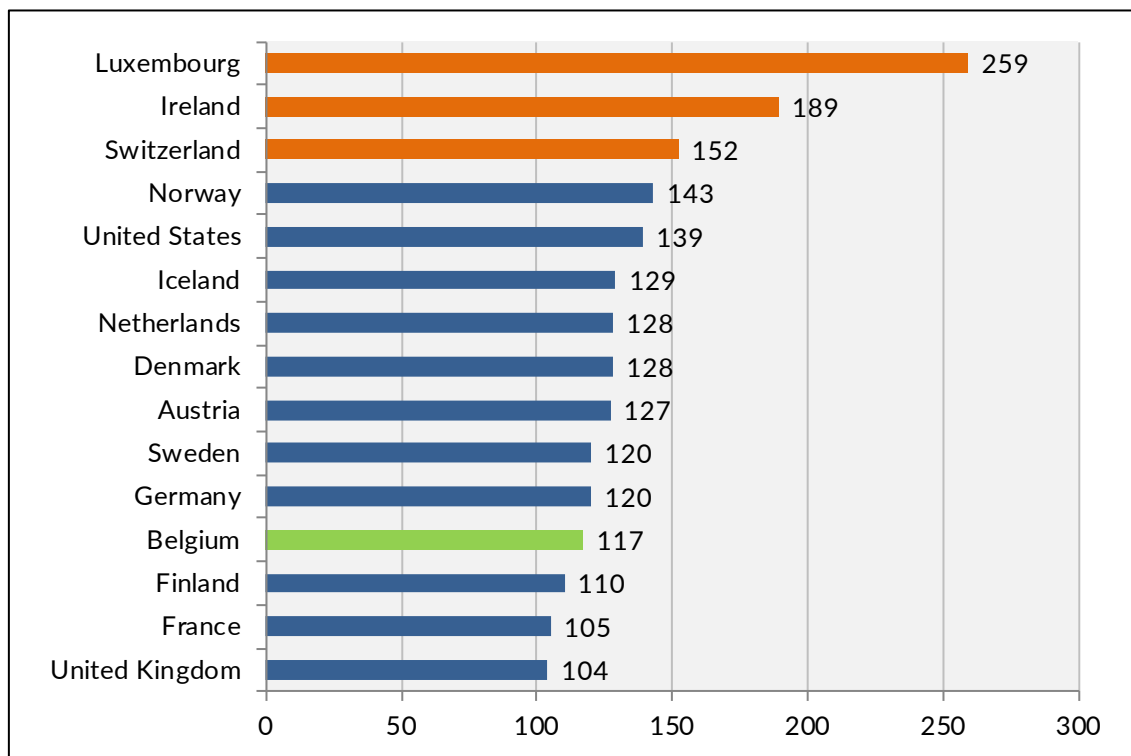
Despite its more limited size than before, the **manufacturing industry** is still key to the Belgian economy because, in addition to the fact that it generates a large share of market services, it also generates strong value added by satisfying foreign demand thanks to Belgian exports.

The strong sectors of the Belgian industry are:

- the pharmaceutical industry (16.4 % of the total value added);
- the chemical industry (15.5 %);
- the food and beverage industry (15.3 %);
- the manufacture of basic metals and fabricated metal products (11.8 %).

Graph 3. GDP per capita in PPS in 2019

UE28=100.



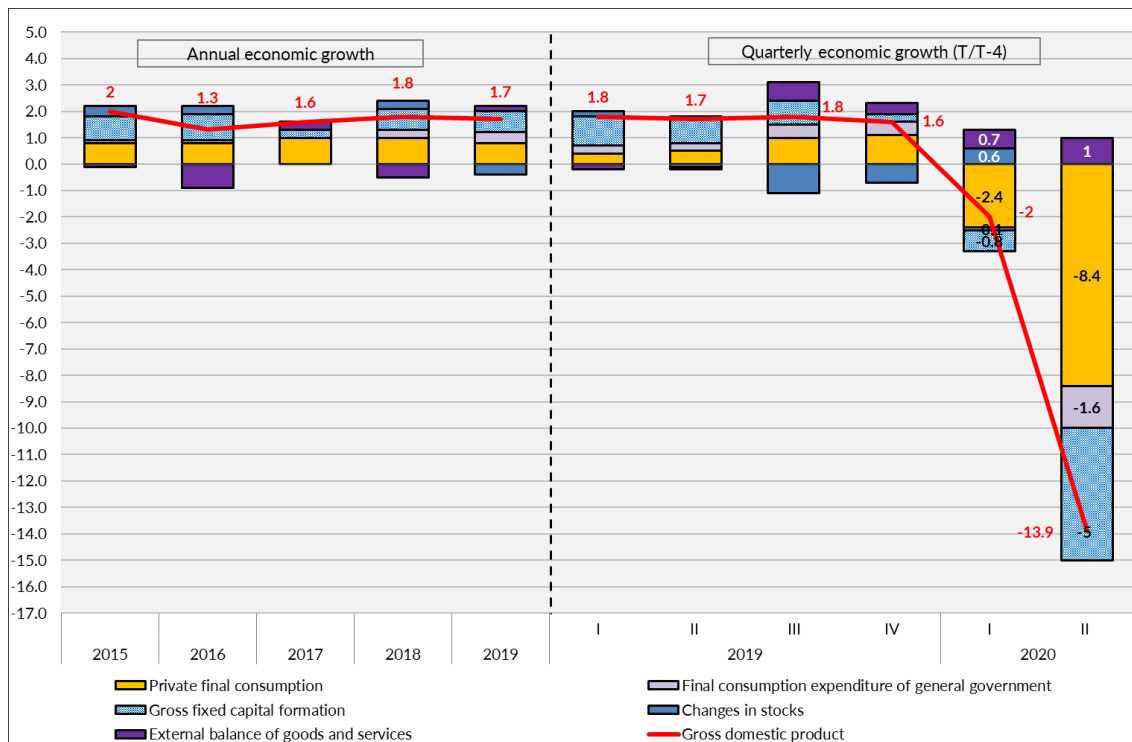
Source: Eurostat.

According to the European structural indicators from Eurostat, **Belgium's GDP per capita**, expressed in purchasing power standards, amounted to 117 in 2019 compared to the EU-28 average set equal to 100, which is equal to the result observed in 2017 and 2018, and 3 points lower than its best performance over the last 10 years (where it reached 120 several times during this period). Nevertheless, Belgium is one of the richest countries in the European Union, ranking eighth, just behind Germany.

## 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 **2019**, the annual GDP growth in Belgium amounted to 1.7 %, while a 1.8 % GDP growth was observed in 2018. This growth is mainly driven by **domestic demand (excluding stocks)**, which contributed 2 percentage points to GDP growth. **Net exports** have positively affected economic growth in 2019 (+0.2 percentage points compared to -0.5 percentage points in 2018). The change in stocks fuelled economic growth in 2019 by 0.4 percentage points.

The GDP has sharply fallen during the **second quarter of 2020** (-13.9 % year-on-year) after a first slowdown of the economic activity in the first quarter of 2020 (-2 %). This decline of the GDP in the second quarter of 2020 reflects the drop in activity linked notably to the measures taken by the Belgian government to prevent the spread of the coronavirus, and especially the containment measures with the shutdown of several economic activities considered as non-essential.

The **domestic demand (excluding stocks)** has reduced economic growth by 15 percentage points during the second quarter of 2020. All components of the domestic demand contributed strongly to the negative evolution of the GDP. During the second quarter of 2020, the contribution to economic growth for private consumption was once again negative (-8.4 percentage points compared to -2.4 percentage points in the previous quarter), as was the case for public expenditures (-1.6 percentage points compared to -0.1 percentage points previously). The same goes for the contribution of investments to economic growth, which reached -5 percentage points in the second quarter of 2020 after a first slowdown of 0.8 percentage points in the previous quarter, reflecting a postponement of investment decisions from investors in a context of general uncertainty related to the development of the coronavirus in Belgium, but also in several other European and non-European countries.

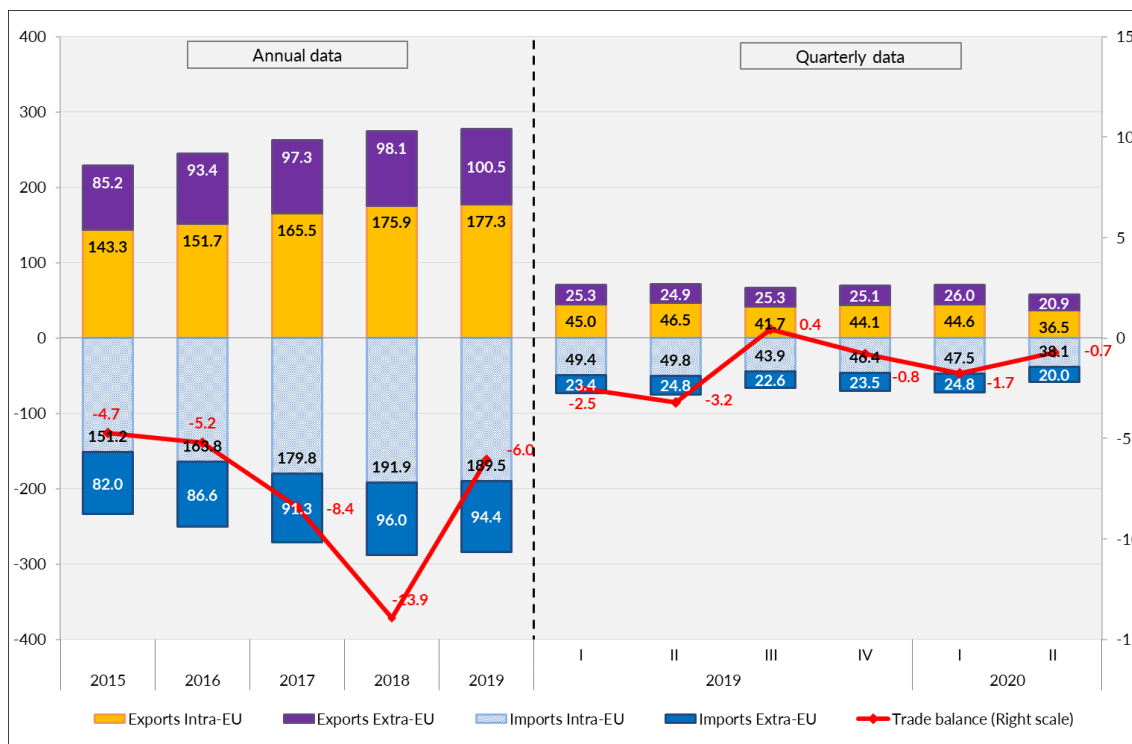
Finally, only **net exports** supported the economic activity in the second quarter of 2020 by 1 percentage point, after a contribution of 0.7 percentage points in the first quarter of 2020. The contribution of **changes in stocks** was neutral during the second quarter of 2020.



While the figures provided for the second quarter of 2020 are still provisional at the time of writing this note, the decline in economic activity is genuine. Moreover, as the situation has still not returned to normal, a year-on-year decline in activity is still expected for the third quarter of 2020. Given the new measures announced in mid-October, it is also more than likely that the decline in activity will be reflected in the fourth quarter of 2020 as well.

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).

Applying the national concept<sup>6</sup>, the trade balance increased in 2019 compared to 2018, due to both a greater dynamism of exports (+1.4 %) and a decrease of imports (-1.4 %) of goods. Thus, in 2019, the downward trend of the trade balance was halted. However, the trade balance is still negative and the deficit amounted to 6 billion euros in 2019 compared to a deficit of 13.9 billion euros in 2018.

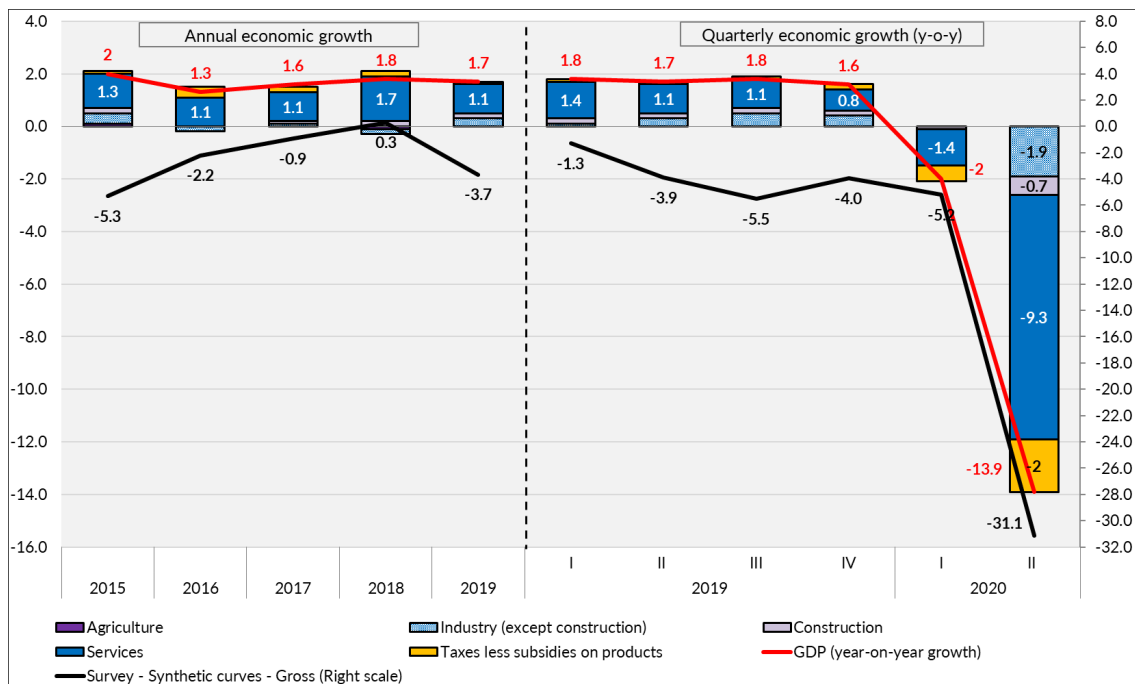
Belgian **exports** fell in value by 19.6 % during the **second quarter of 2020**, compared to the same period of 2019, reaching 57.4 billion euros (compared with 71.4 billion euros a year earlier). This result is due both to intra-EU exports, which fell by 21.5 % year-on-year and to extra-EU exports which declined by 16 % over the same period.

Belgian **imports** decreased by 22.1 % in the **second quarter of 2020** year-on-year, amounting to 58.1 billion euros, driven by weaker imports both intra-EU (-23.4 %) and extra-EU (-19.4 %) over the same period.

These results translated into a **negative trade balance** in the second quarter of 2020 (-702 million euros). However, the net trade balance improved compared to the previous quarter (-1.7 billion euros) and compared to the corresponding quarter of 2019 (-3.2 billion euros). Nevertheless, while the trade balance improved in the second quarter of 2020, this is not due to the dynamism of exports, as trade has slowed sharply due to the development of the covid-19 pandemic across the globe.

<sup>6</sup> 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).

Economic activity slowed down in **2019** compared to 2018, reaching 1.7 % growth compared to 1.8 % in 2018. Services were again the main driver of economic growth in Belgium in 2019, supporting it by 1.1 percentage points (against 1.7 percentage points in 2018). After a reduced total economic growth of 0.2 percentage points in 2018, the activity in the manufacturing industry improved in 2019, thus contributing 0.3 percentage points to the total economic growth. Construction also contributed positively to GDP growth in 2019, with 0.2 percentage points as in 2018. While agriculture negatively affected economic growth in 2018, its contribution to the GDP growth was neutral in 2019.

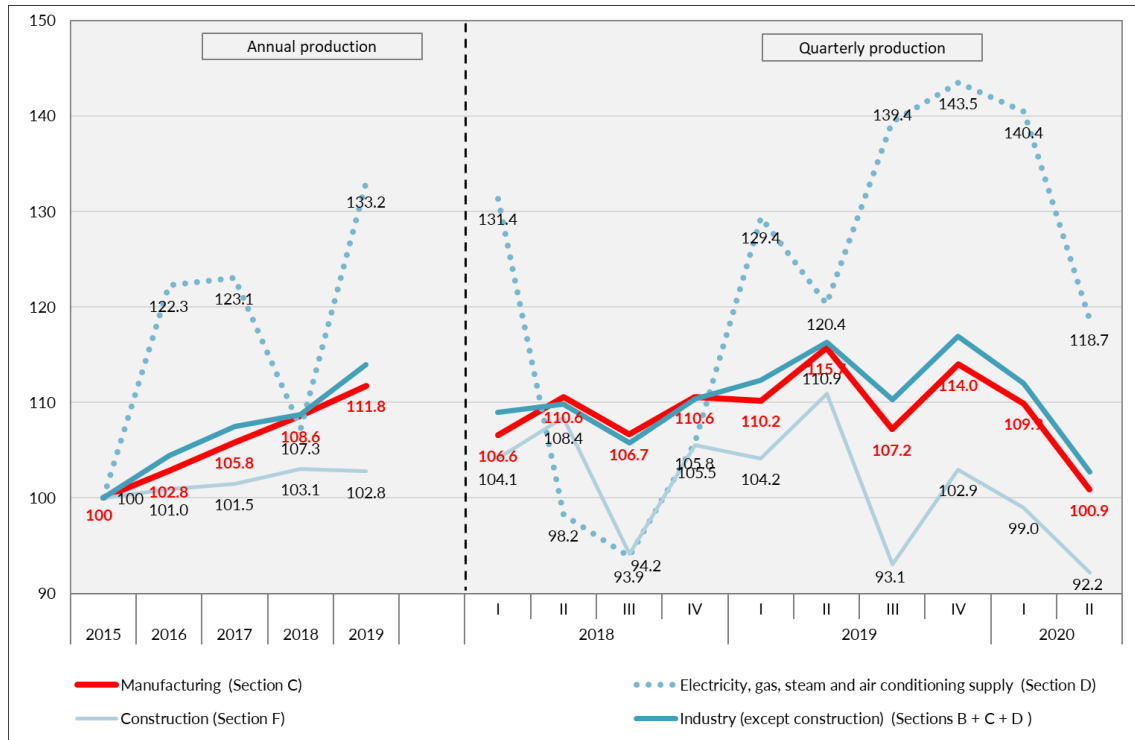
During the **second quarter of 2020**, activity of most economic sectors declined (year-on-year) and therefore contributed negatively to GDP growth. Indeed, only real estate activities, public administration and agriculture experienced a slight increase of their activity. Thus the contribution of the **industry** (excluding construction) to the decline of GDP reached -1.9 percentage points, after a neutral contribution observed for the previous quarter.

The **services** contributed more to the decline of GDP, from a contribution of -1.4 percentage points in the first quarter of 2020 to a contribution of -9.3 percentage points in the second quarter of 2020.

Finally, the contribution of the **construction sector** to economic growth amounted to -0.7 percentage points in the second quarter of 2020, compared to a contribution of -0.1 percentage points in the previous quarter.

Unsurprisingly, **business confidence** collapsed in the second quarter of 2020, reflecting the high level of uncertainty generated by the coronavirus pandemic. While the data show that confidence improved somewhat in the third quarter of 2020, it is still far from returning to its pre-pandemic level.

Graph 7. Industrial production indices  
2015 = 100.



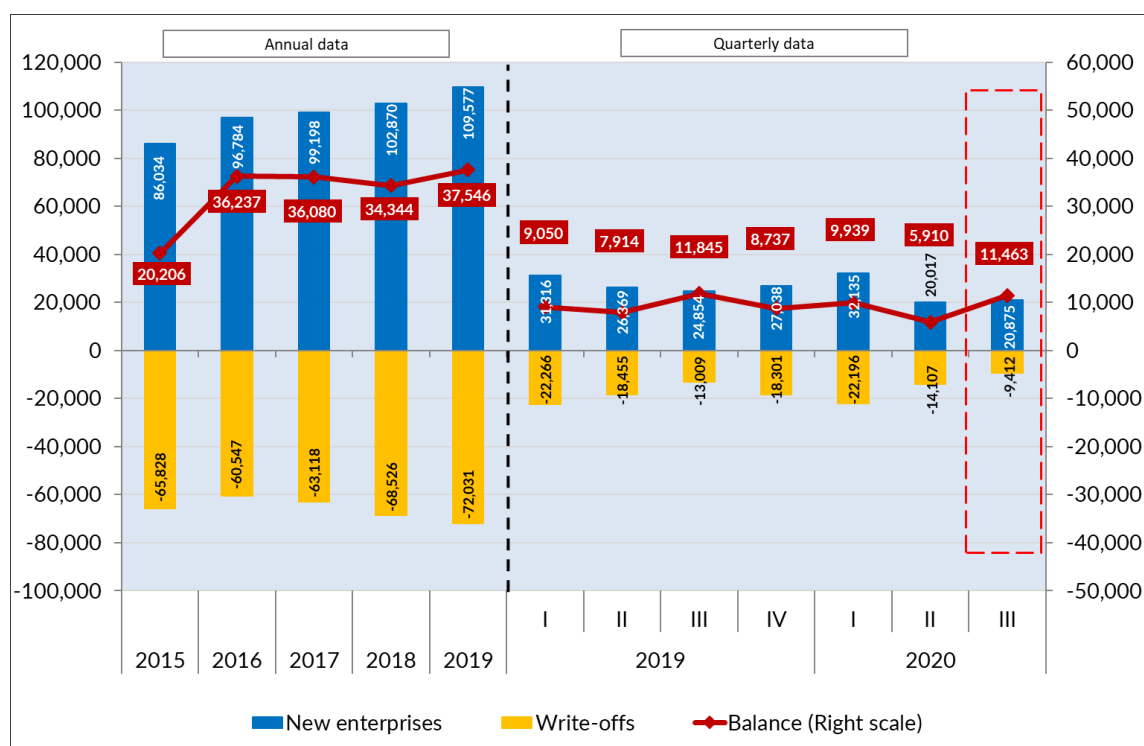
Source: Statbel, Working-day adjusted indices.

After declining by 0.3 % in the first quarter of 2020 (year-on-year), the output in the **manufacturing** sector fell by 12.8 % in the second quarter of 2020 (year-on-year). With the exception of the pharmaceutical industry (C21) and the coking and refining sector (C19), all industrial sectors have cut down their production in this quarter. The drop in some sectors is sometimes very significant, as for instance for motor vehicles and transportation equipment, where production was almost halved.

**Electricity, gas, steam and air conditioning supply** shrank in the second quarter of 2020 (-1.4 % year-on-year) after four quarters of uninterrupted increases. In 2019, the normalization of the situation, in terms of production capacities in the Belgian nuclear fleet, explained the production increase observed that year (year-on-year).

Finally, activity in the **construction sector** deteriorated sharply in the second quarter of 2020, its output declining by 16.9 % (year-on-year).

Graph 8. Business demography in Belgium



Source: Statbel.

In **2019**, entrepreneurial demographics showed a favourable trend compared with 2018 in terms of new enterprises, but an unfavourable trend in terms of write-offs. Thus, business creation rose by 6.5 % and write-offs by 5.1 %. However, with 37,546 enterprises, the net balance of "creations-closures" is positive and counts 3,202 more enterprises than in 2018.

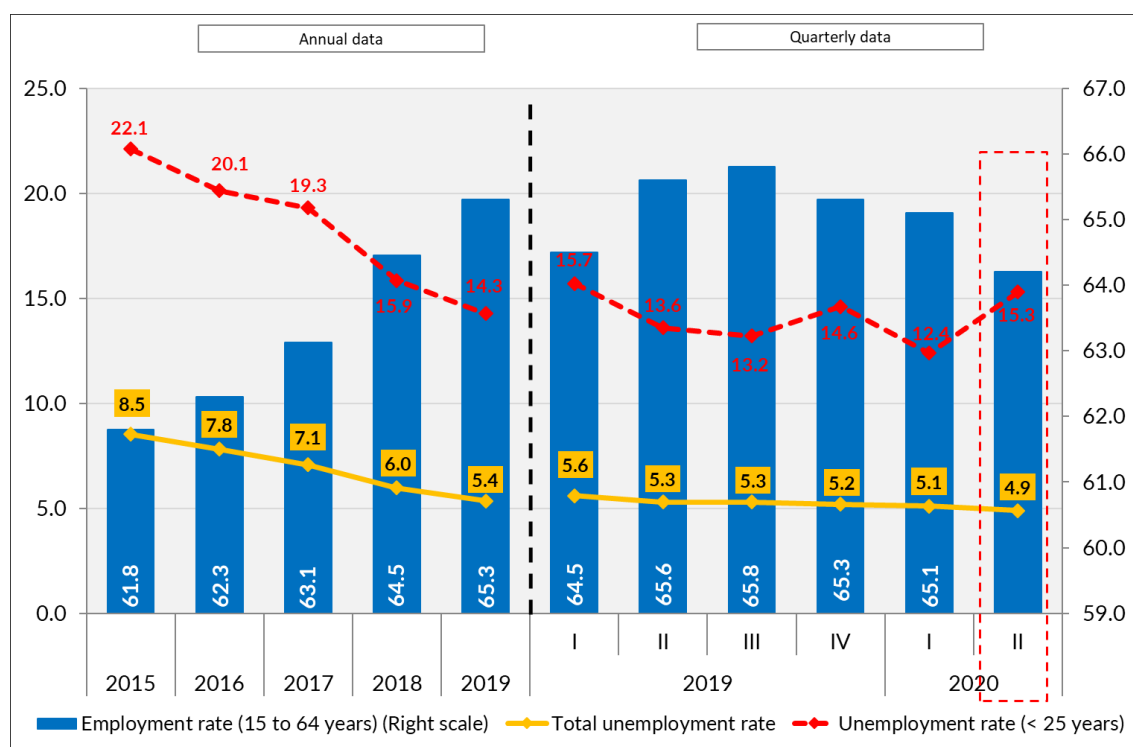
In the **third quarter of 2020**, **20,875 new companies** were created, thus 3,979 less enterprises than in the corresponding quarter of 2019.

Those new companies represent 88.0 % of first tax registration (53.2 % individuals and 34.8 % legal entities) and 12.0 % of renewed tax registrations (10.4 % individuals and 1.6 % legal entities).

On the other hand, 9,412 companies **stopped their activity** in the third quarter of 2020 (67.2 % individuals and 32.8 % legal entities), thus 3,597 less closures than in the third quarter of 2019.

In the third quarter of 2020, the **balance between "business creations" and "business closures"** was positive and amounted to 11,463 companies, 60.7 % of which were individuals and 39.3 % legal entities. This net balance "creations-closures" has decreased by 382 units compared to the one of the corresponding quarter of 2019 (-3.2 %).

Graph 9. Employment rate and harmonized unemployment  
In %.



Source: Eurostat.

**2019**, as a whole, proved to be a favourable year on the **labour market**.

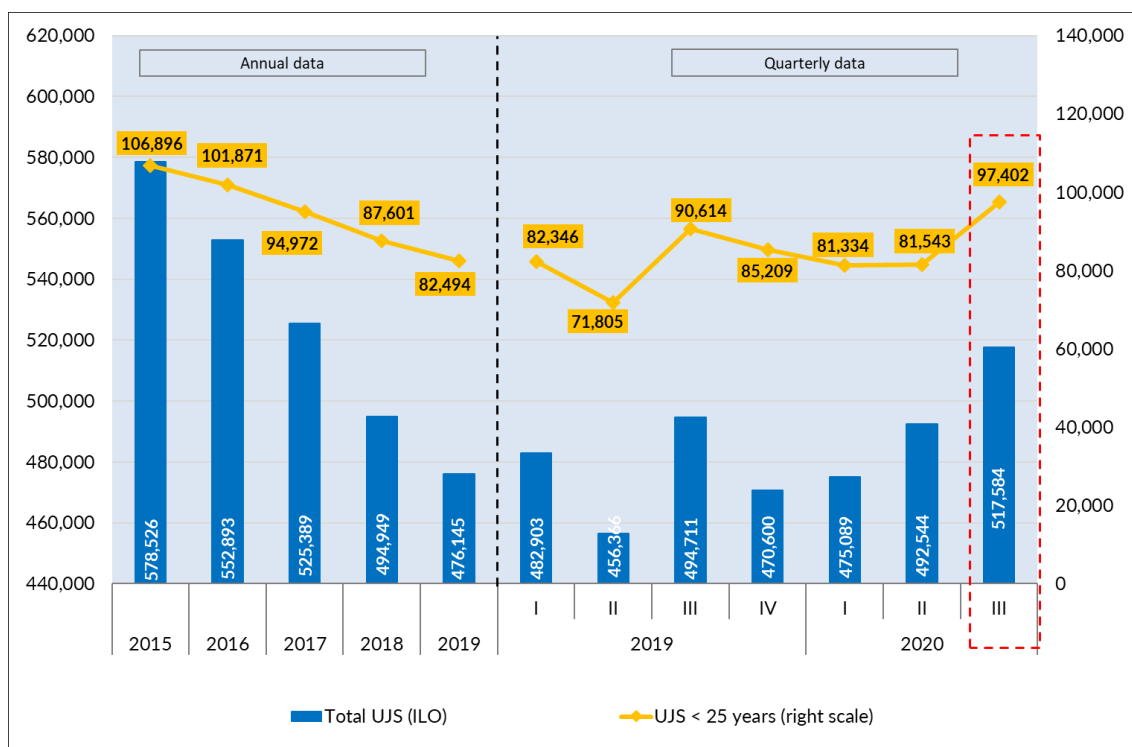
However, **in the second quarter of 2020**, except for the total unemployment rate, all of the monitored indicators show unfavourable developments year-on-year.

Thus, the **employment rate** reached 64.2 % in the second quarter of 2020, which is 1.4 percentage points less than in the corresponding quarter of 2019.

**Youth unemployment rate** amounted to 15.3 % in the second quarter of 2020, 1.7 percentage points more than in the corresponding quarter of 2019.

In contrast, **unemployment rate** (raw data) fell by 0.4 percentage points in the second quarter of 2020 year-on-year to reach 4.9 %

Graph 10. Number of unemployed jobseekers (UJS)



Source: NEO.

In **2019**, the number of **unemployed job seekers (UJS)** evolved favourably compared to 2018, decreasing by 3.8 % to reach 476.145 UJS, as did the youth UJS, which decreased by 5.8 % to the amount of 82.484.

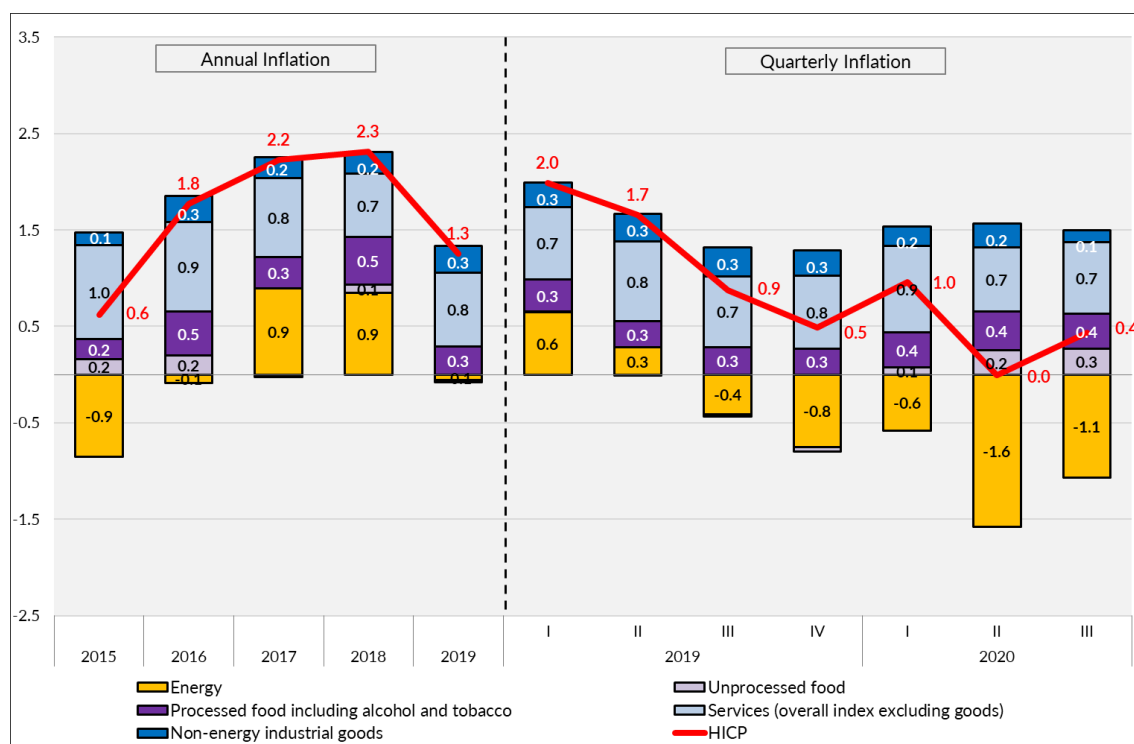
The number of **unemployed job seekers (UJS)** kept decreasing during the four quarters of 2019 (year-on-year). The **third quarter of 2020** confirms the end of the downward trend observed in the second quarter, recording 517,584 UJS, which represents an increase of almost 4.6 % year-on-year.

Like the UJS, the third quarter of 2020 also confirms the halt in the downward trend observed in the second quarter year-on-year in the number of **unemployed people under 25**. Thus, there were 97,402 unemployed people under 25 years of age in the **third quarter of 2020**, an increase of 7.5% year-on-year.



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

HICP in % and contribution in percentage points.



Source: Statbel.

After slowing down in the second quarter of 2020, driven by a decline in the prices of the main energy products and, to a lesser extent, a deceleration in the prices of services, HICP inflation resumed its upward trend in the third quarter of 2020 (+0.4 %).

Consumer prices of **processed food** rose by 2.1 % in the third quarter of 2020 (a slight acceleration compared with the previous quarter +2.4 %), contributing 0.4 percentage points to overall inflation.

Consumer prices of **unprocessed food** products rose by 6.6 %, but due to their moderate weight in the consumer basket, their contribution to total inflation was limited to 0.3 percentage points.

Due to its high weight in the consumption basket (over 40 %), **services**, which recorded inflation of 1.7 % in the third quarter of 2020 compared with 1.6 % in the previous quarter, made a significant contribution to overall inflation (0.7 percentage points).

The pace of price increases in the fifth product group, **non-energy industrial goods**, slowed down in the third quarter of 2020 (+0.5 %, compared with +0.9 % in the previous quarter), contributing 0.1 percentage points to overall inflation.

Finally, the **energy products** category was strongly influenced by the collapse of oil prices on world markets due to the economic and health crisis. As a result, prices in this category of products fell by 11.2 % in the third quarter of 2020, negatively impacting overall inflation by 1.1 percentage points.

### 3. Foreign trade – Overview of trade flows

Table 1. Share of national exports in world exports

	2010	2015	2016	2017	2018	2019
EU28	15.6%	15.7%	16.0%	15.9%	15.7%	15.8%
Russia	3.4%	2.7%	2.5%	2.8%	3.1%	n.a.
USA	11.1%	11.8%	12.0%	11.6%	11.3%	11.4%
China	13.7%	17.9%	17.4%	16.9%	16.9%	n.a.
Japan	6.7%	4.9%	5.3%	5.2%	5.0%	4.9%
India	1.9%	2.1%	2.2%	2.2%	2.2%	2.2%

Source: Eurostat.

The share of the **European Union** as a whole (EU28) in the world trade exports has slightly increased between 2010 and 2019, as well as that of the **United States** and **India**. **Japan** has followed the opposite path, with its relative share in world exports declining from 6.7 % in 2010 to 4.9 % in 2019. Between 2010 and 2018, while **China's** share in world exports increased sharply, **Russia's** share declined.

**Between 2018 and 2019**, the European Union and the United States recorded a very slight increase in the share of their exports in world exports, while Japan experienced a very slight decline. The data for Russia and China in 2019 are not available yet.

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

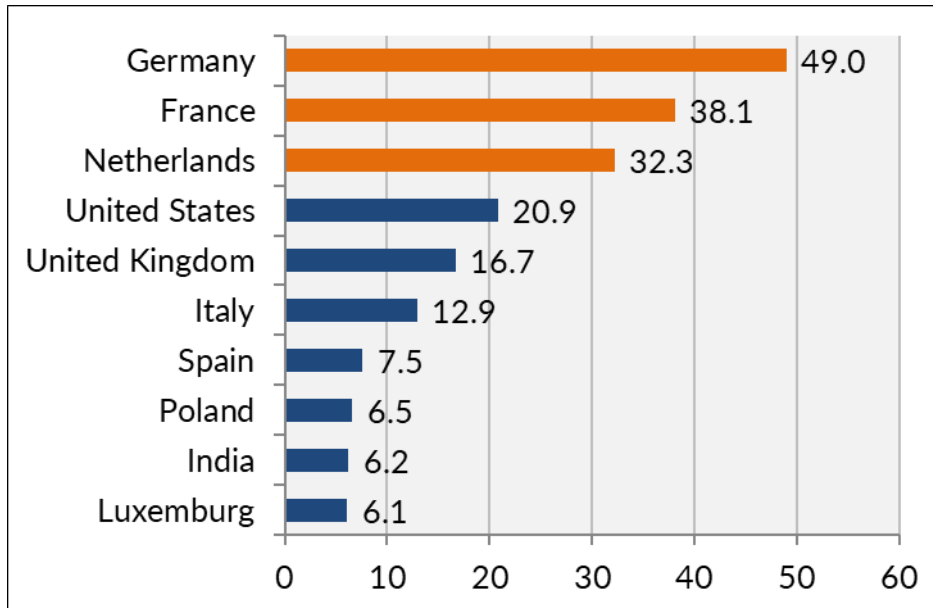
	2015	2016	2017	2018	2019
World (all entities)	100%	100%	100%	100%	100%
European Union (27 countries)	62.7%	61.9%	63.0%	64.2%	63.8%
Other European countries	12.2%	12.3%	12.0%	11.2%	10.8%
<i>United Kingdom</i>	7.9%	7.6%	7.2%	6.6%	6.0%
<i>Turkey</i>	1.2%	1.2%	1.3%	1.2%	1.1%
Africa	2.8%	2.7%	2.7%	2.7%	2.8%
America	8.1%	8.9%	8.1%	8.5%	10.3%
<i>United States</i>	5.8%	6.7%	5.7%	5.9%	7.5%
Asia	12.3%	12.8%	12.5%	11.1%	10.6%
<i>China</i>	2.0%	2.2%	2.4%	1.9%	1.9%
<i>India</i>	3.2%	3.2%	2.9%	2.7%	2.2%
<i>Japan</i>	0.8%	1.1%	1.0%	1.0%	1.1%
Australia and Oceania	0.6%	0.6%	0.6%	0.9%	0.6%
Other	1.4%	0.8%	1.1%	1.4%	1.2%

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

The **European Union** (United Kingdom excluded) is the **leading destination for Belgian exports of goods** with a share of 63.8 % of total Belgian exports of goods in 2019. This share decreased by 0.4 percentage points in 2019 compared to 2018. The same trend goes for other European countries (-0.4 percentage points in 2019) which gradually weaken. Thus, the share of the **United Kingdom** in Belgian exports of goods has been steadily declining since 2015. The share of Asia in Belgian exports of goods also continues to decline in 2019 (-0.5 percentage points compared with 2018). In contrast, **America's** share increased over the forecast period (+1.8 percentage points in 2019), driven mainly by the **United States** (+1.6 percentage points in 2019). Finally, the stability of exports compared to 2015 is observed in trade relations with **Africa** and **Australia**. The share of Belgian exports to **Turkey** has remained quite stable in recent years, coming from 1.2 % in 2015 to 1.1 % in 2019.

Graph 12. Most important export partners in 2019

*In billion euros.*



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

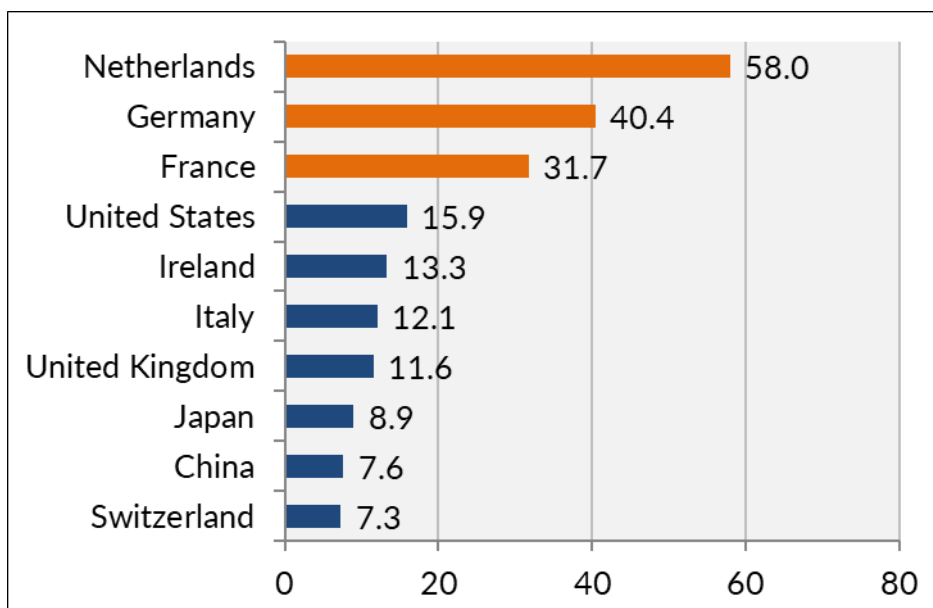
In 2019, Belgian exports of goods went mainly to nearby countries. The first destination was **Germany**, accounting for 49 billion euros, followed by **France** with 38.1 billion euros and **the Netherlands** with 32.3 billion euros. Together, those three countries received 43 % of total Belgian exports of goods.

The **United Kingdom** comes in 5<sup>th</sup> place with approximately 16.7 billion euros of Belgian exported goods to this country, which represents 6 % of total Belgian exports.

**Turkey** is the 15<sup>th</sup> largest export market for Belgium in 2019, with 3.2 billion euros of goods exported to this country.

Graph 13. Most important import partners in 2019

*In billion euros.*



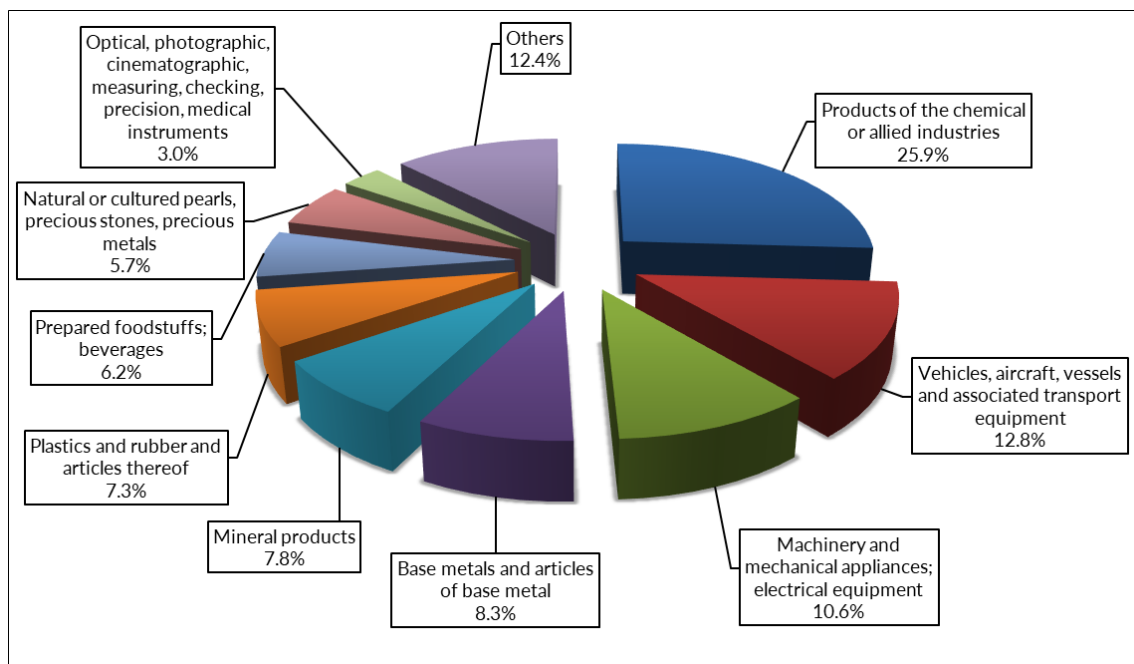
Source: National Accounts Institute (NAI), national concept.

The three main partners for Belgian imports of goods in 2019 were the same ones as those for its exports, although the ranking is somewhat different. The first provider was **the Netherlands**, accounting for 58 billion euros, followed by **Germany** with 40.4 billion euros and **France** with 31.7 billion euros. Together, those three countries supplied 45.9 % of total Belgian imports of goods.

Although the **United Kingdom** lost one place in the ranking compared to 2018, it still appears in the top 10 (7<sup>th</sup>) of Belgian partners for its imports of goods (it was still 5<sup>th</sup> in 2017). Indeed, the United Kingdom delivered goods for an amount of 11.6 billion euros in 2019, which is equivalent to a share of 4.1 % of total Belgian imports.

**Turkey** ranks 17<sup>th</sup> among the suppliers of the Belgian market in terms of imports. Belgium imported goods from Turkey for 2.7 billion euros in 2019.

Graph 14. Breakdown of Belgian exports in 2019

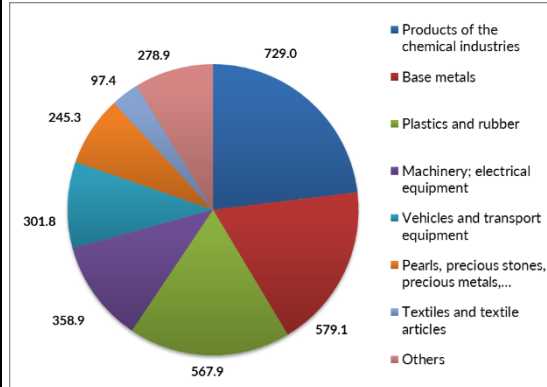


Source: National Accounts Institute (NAI), national concept.

In 2019, four sectors mainly dominated total Belgian exports of goods. These were **chemical products** (25.9 % - 72 billion euros), **vehicles and transport equipment** (12.8 % - 35.5 billion euros), **machinery and electrical equipment** (10.6 % - 29.5 billion euros) and **base metals** (8.3 % - 23 billion euros). Together, those four sectors represented more than half of total Belgian exports (57.6 %).

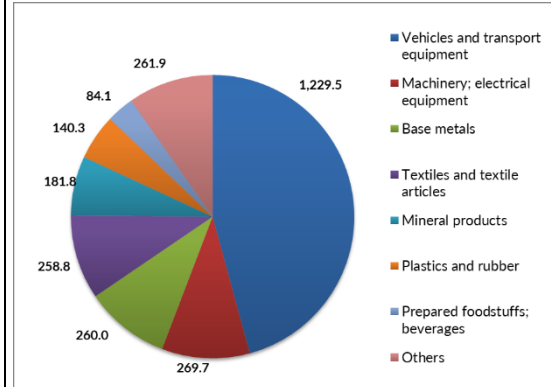
Focus: Trade flow between Belgium and Turkey in 2019.

Graph 15. Exports to Turkey in 2019  
In million euros.



Source: NBB (national concept).

Graph 16. Imports from Turkey in 2019  
In million euros.



Source: NBB (national concept).

The main exported products to Turkey by Belgium in 2019 were **chemical products** and accounted for 729 million euros, representing 23.1 % of total Belgian exports to Turkey.

**Base metals** were the second main exported products to Turkey, closely followed by **plastic and rubber**, accounting respectively for 579.1 million euros and 567.9 million euros, equivalent to 18.3 % and 18 % of all Belgian goods exported to Turkey.

Belgian exports of **chemical products** added to exports of **base metals** and **plastic and rubber** together represented more than half of total Belgian exports of goods going to Turkey in 2019 (59.4 %).

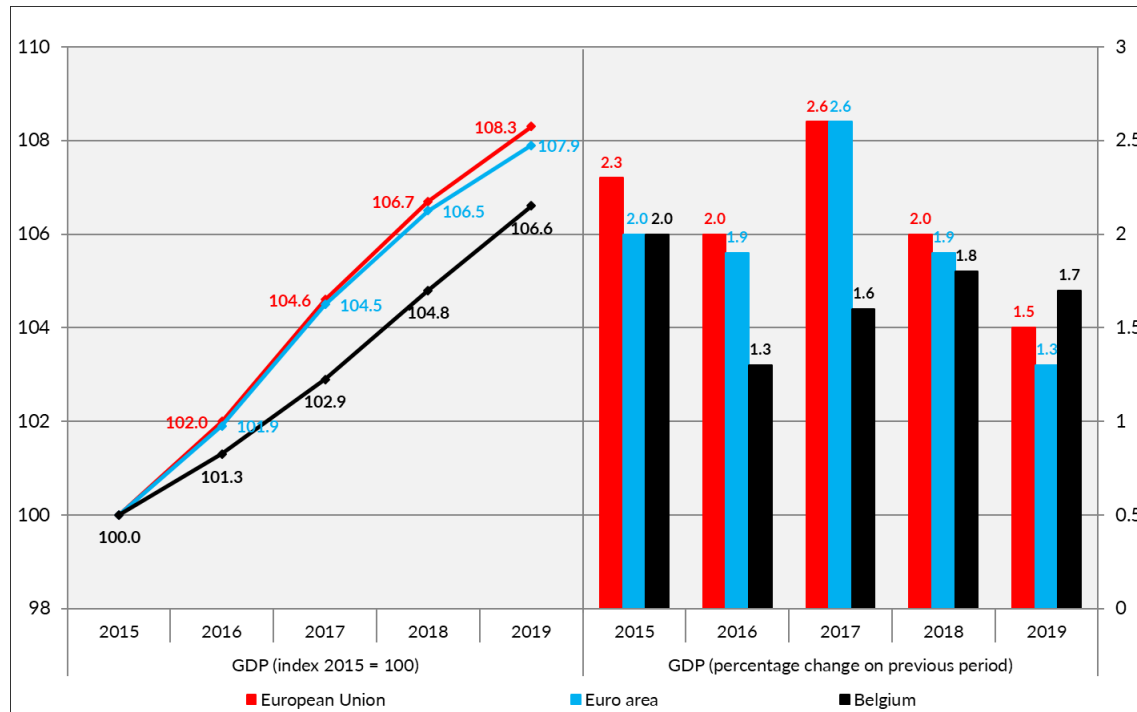
The main imported products from Turkey by Belgium in 2019 were **vehicles and transport equipment** and amounted to almost 1.2 billion euros (45.8 % of total Belgian imports from Turkey in 2019).

The second most imported products from Turkey by Belgium in 2019 were **machinery and electrical equipment**, and they accounted for 269.7 million euros, which means a share of 10 % of Belgian imports coming from this country.

Finally, imports of these two categories of products (**vehicles and machinery and electrical equipment**) represented more than half of Belgian imports coming from Turkey in 2019 (55.8 %).

## 4. Belgium's performance compared to that of the European Union

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



Source: Eurostat.

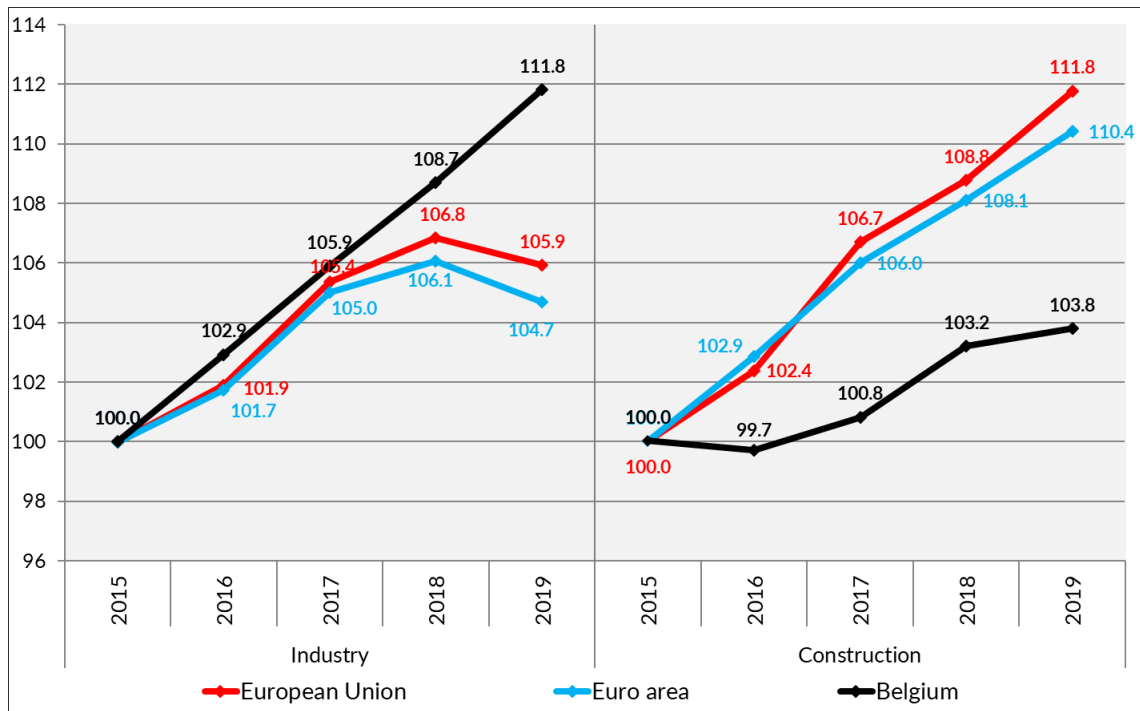
**Between 2015 and 2018**, GDP grew at a slower pace in Belgium than in the two other areas.

In **2019**, GDP growth slowed in the three analysed areas. Moreover, Belgian economic growth was bigger than the economic growth of both the euro area and the European Union and reached 1.7 %.

Finally, in 2019, GDP reached 476.2 billion euros for Belgium, 11,935.4 billion euros for the euro area and 16,486.3 billion euros for the European Union.



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

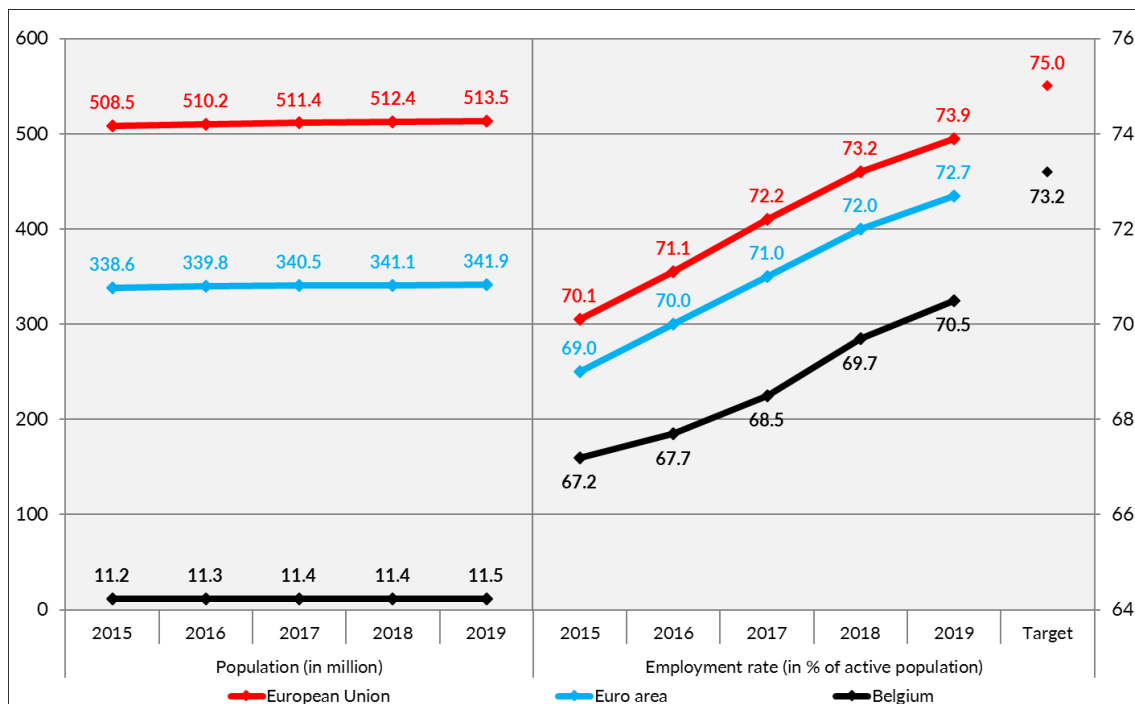


Source: Eurostat.

Continuation of the upward trend of the **production index** in the **manufacturing industry** in Belgium in 2019. Conversely, in the two other areas, the manufacturing industry experienced a decline in production in 2019 after having already observed a slowdown in 2018.

In Belgium, the **production index** in the **construction sector** grew for the third year in a row in 2019, after a downward trend until 2016. The production in the construction sector continued to grow dynamically in the two other areas.

Graph 19. Population and employment rate

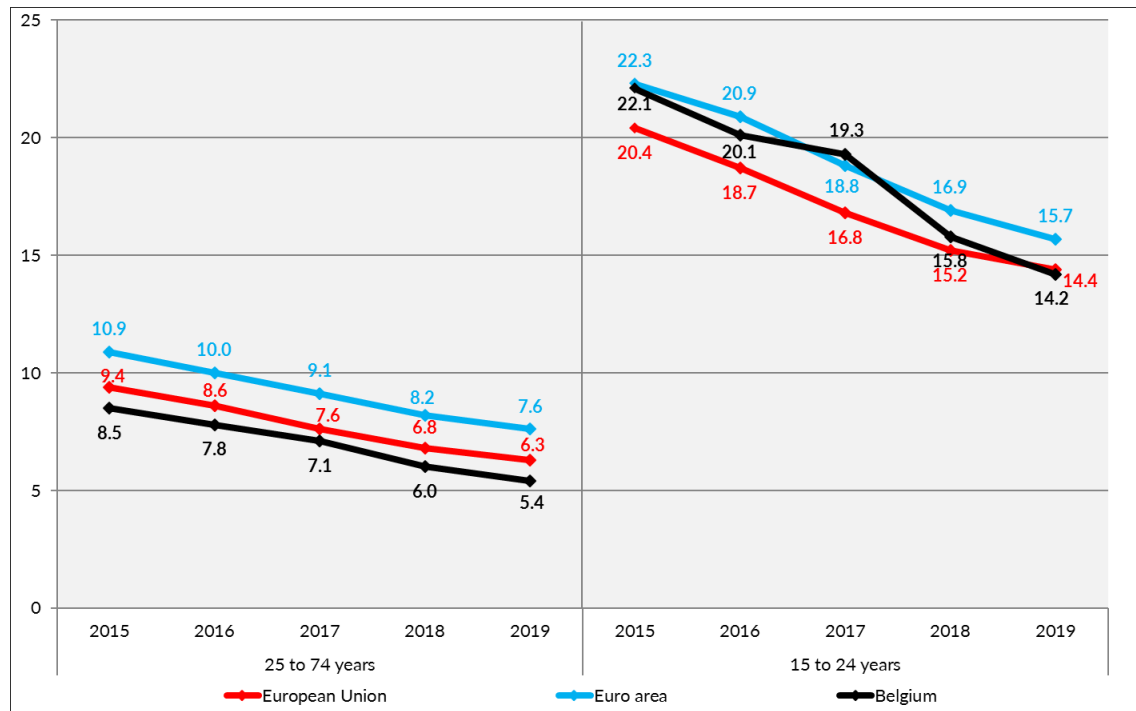


Source: Eurostat.

With 11.5 million **inhabitants** on 1 January 2019, the Belgian population represents 3.4 % of the population of the euro zone (341.9 million inhabitants) and 2.2 % of that of the European Union (513.5 million inhabitants).

With an **employment rate** of 70.5 % in 2019, Belgium not only remains below the average rates recorded in the euro zone (72.7 %) and in the European Union (73.9 %), but also remains far from the target set for 2020 in the framework of the Europe 2020 strategy (73.2 %).

Graph 20. Unemployment rate

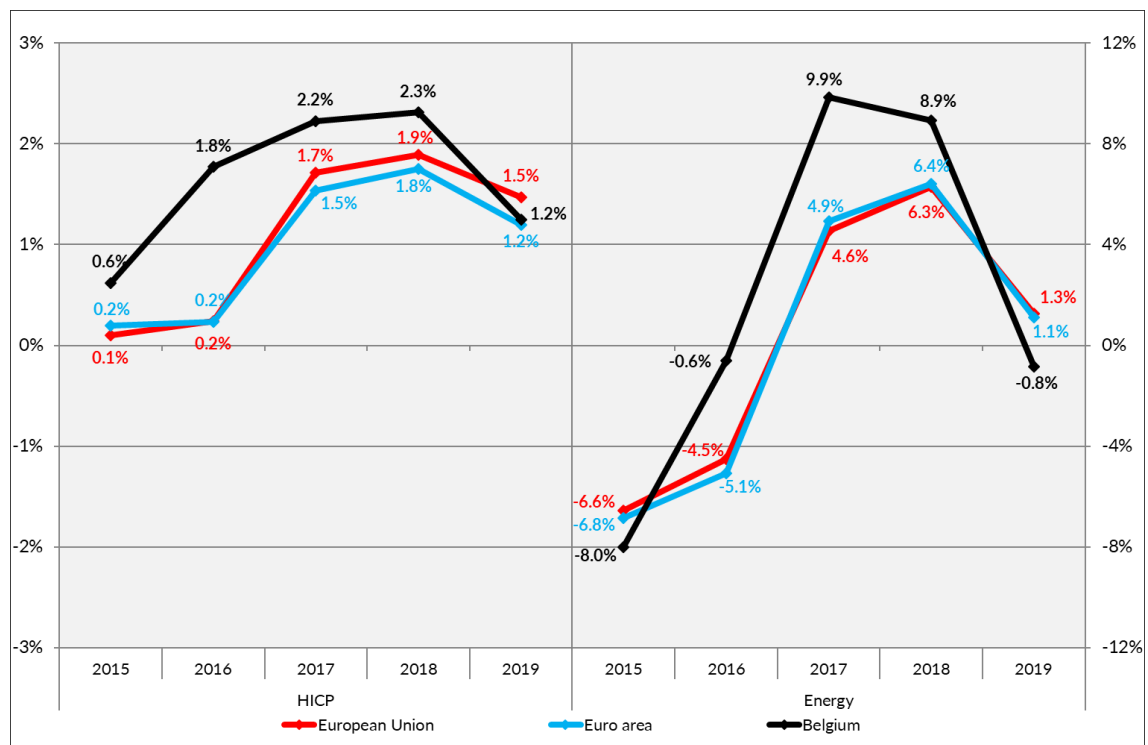


Source: Eurostat.

In 2019, the **unemployment rate for 25-74-year-olds** continued to fall in Belgium and reached its lowest level over the observation period. This is also true for the euro area and the European Union, but the decline was slightly more pronounced in Belgium and the euro area than in the European Union. Compared to 2018, the unemployment rate declined by 0.6 percentage points in Belgium and the euro area, compared to 0.5 percentage points in the European Union.

The downward trend in the **unemployment rate for young people (15-24 years)**, which began in 2014, also continued in 2019. Thus, the youth unemployment rate is down by 1.6 percentage points in Belgium compared to 2018, compared to a decline of 1.2 percentage points for the euro area and 0.8 percentage points for the European Union. For several years now, the youth unemployment rate in Belgium has been lower than in the euro area, with the exception of 2017, but higher than in the European Union. However, in 2019 it also falls below that of the European Union for the first time.

Graph 21. Inflation



Source: Eurostat.

**Inflation** has slowed in Belgium, the euro zone and the European Union in 2019. In contrast to previous years, inflation is lower in Belgium than in the European Union as a whole.

While the growth of **energy prices** slowed significantly in the European Union and the euro area in 2019, energy prices even declined in Belgium. Belgium therefore experienced negative energy inflation in 2019.

## 5. Macroeconomic forecasts

Following the measures taken by the various governments (such as the containment or the cessation of non-essential economic activities) to combat the "Covid-19" coronavirus pandemic, the International Monetary Fund, the NBB and the Federal Planning Bureau have drastically revised their growth forecasts for 2020 downwards, indicating a strong recession in global economic activity. These have been revised slightly upwards subsequently, but in view of the second wave that is currently affecting us and without knowing to what extent this pandemic could still evolve, these forecasts could be revised again soon.

Table 3. GDP growth forecasts in the international environment

In %.

International environnement	2018	2019	2020 (e)	2021 (e)
World	3.6	2.8	-4.4	5.2
United States	3.0	2.2	-4.3	3.1
China	6.7	6.1	1.9	8.2
Euro area	1.8	1.3	-8.3	5.2
Germany	1.3	0.6	-6.0	4.2
France	1.8	1.5	-9.8	6.0
The Netherlands	2.4	1.7	-5.4	4.0
United Kingdom	1.3	1.5	-9.8	5.9
Turkey	3.0	0.9	-5.0	5.0

(e) = estimate.

Source: IMF ([World Economic Outlook](#), October 2020).

Table 4. GDP growth forecasts in Belgium

In %, unless otherwise indicated.

Belgium	2018	2019	2020 (e)	2021 (e)
<b>GDP</b>	<b>1.8</b>	<b>1.7</b>	<b>-7.4</b>	<b>6.5</b>
Final consumption expenditure of households and NPI	1.9	1.5	-8.7	9.0
Final consumption expenditure of general government	1.2	1.7	0.4	2.4
Gross fixed capital formation	3.4	3.4	-11.5	11.2
Net exports (goods and services) (contribution to growth, in p.p.)	-0.5	0.2	-0.4	-1.2
<b>Total inflation (ICP)</b>	<b>2.1</b>	<b>1.4</b>	<b>0.8</b>	<b>1.4</b>

(e) = estimate.

Source: Federal Planning Bureau ([Economic outlook 2020-2025](#), October 2020)