

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. A grid of small white dots is visible across the entire background. In the top left corner, there are some faint, stylized hexagonal shapes.

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

ECONOMIC OUTLOOK  
OF FEBRUARY 2021



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# 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 electrical 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. However, in 2020, economic activity dropped as a result of the COVID-19. During the **third quarter of 2020**, the Belgian GDP dropped by 4.3 % year-on-year, a less marked decline than that recorded in the second quarter of 2020 (-13.9 %) resulting from the gradual recovery of certain economic activities and the lifting of several containment measures during the summer. In particular, private consumption, investment expenditures and net exports pulled economic activity down in the third quarter of 2020.

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

The **production index** in the manufacturing industry fell sharply in the first three quarters of 2020 taken as a whole. It is mainly the downturn observed during the second quarter that pulls the results down under the effect, in particular, of the partial or total cessation of activity in certain industries following the containment measures taken by the government to combat the expansion of the COVID-19 pandemic.

**Business demographics** continued to be strong in 2019, with more business start-ups than terminations and a net balance of 37,546 units, the largest net balance observed over the period 2015-2019. While this entrepreneurial dynamism continued in the first quarter of 2020, things deteriorated somewhat in the second quarter of 2020 before improving thereafter. Thus, in the third quarter of 2020, not only does the net balance of creations and disposals remain positive, but it also improves 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). By contrast, in the third quarter of 2020, all employment indicators deteriorated year-on-year. In fact, the employment rate fell to 65.1 % compared with 65.8 % a year earlier, the youth unemployment rate reached 17.7 % compared with 13.2 % a year earlier and the total unemployment rate reached 6.5 % compared with 5.3 % a year earlier. This is not surprising given the severe economic and health crisis affecting most of the world's economies.

Despite a rise in unprocessed food prices, HICP **inflation** slowed down in 2020 (0.4 % compared with 1.3 % in 2019), driven by a decline in the prices of the main energy products and, to a lesser extent, a deceleration in industrial goods prices.

As regards the **short-term growth prospects for Belgium**, the Federal Planning Bureau is forecasting a major economic recession in 2020 as a result of the global coronavirus crisis. According to the economic budget outlook, GDP is expected to decline by 6.2 % in 2020 (which is less than initially forecasted). However, these figures remain surrounded by great uncertainty. Moreover, the recovery is already expected to take place in 2021 with an economic growth of 4.1 %.

# 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.

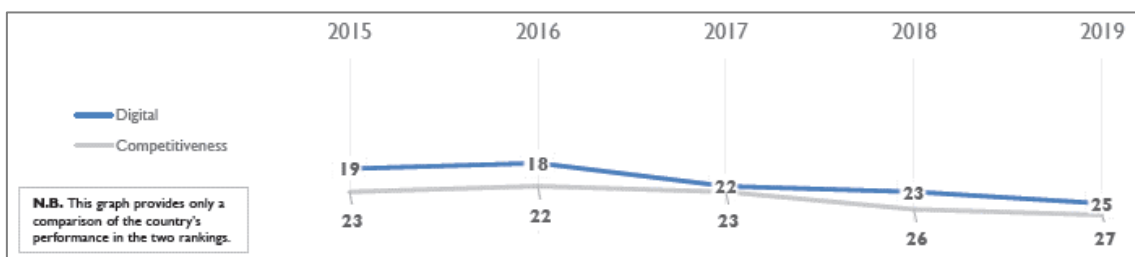


With a **surface** area of 31,000 km<sup>2</sup> and 11.5 million **inhabitants**, Belgium, along with the Netherlands, is one of the most densely populated countries in Europe.

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

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



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.

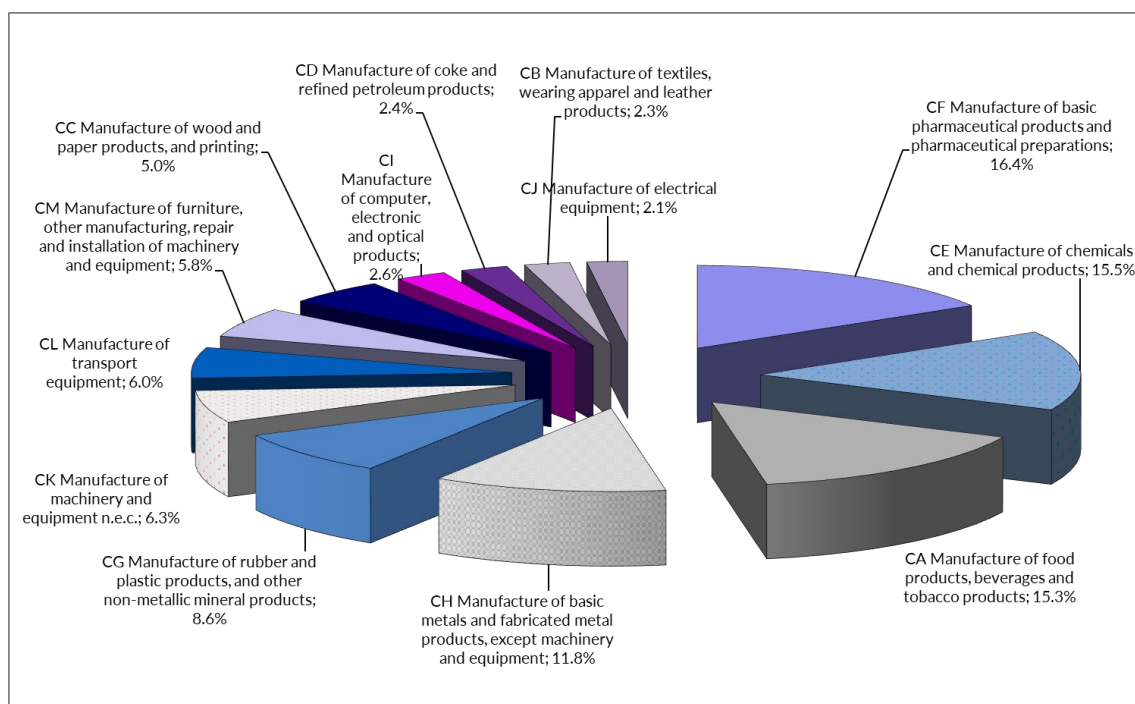
It is a quintessential “**small open economy**”: “small”, with a gross domestic product (GDP) of 476.2 billion euros in 2019, accounting for 2.9 % of the GDP of the European Union<sup>3</sup> (4 % of the GDP of the euro area<sup>4</sup>) and “open” with a level of openness<sup>5</sup> of 81.6 % (82.7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

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:

<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).

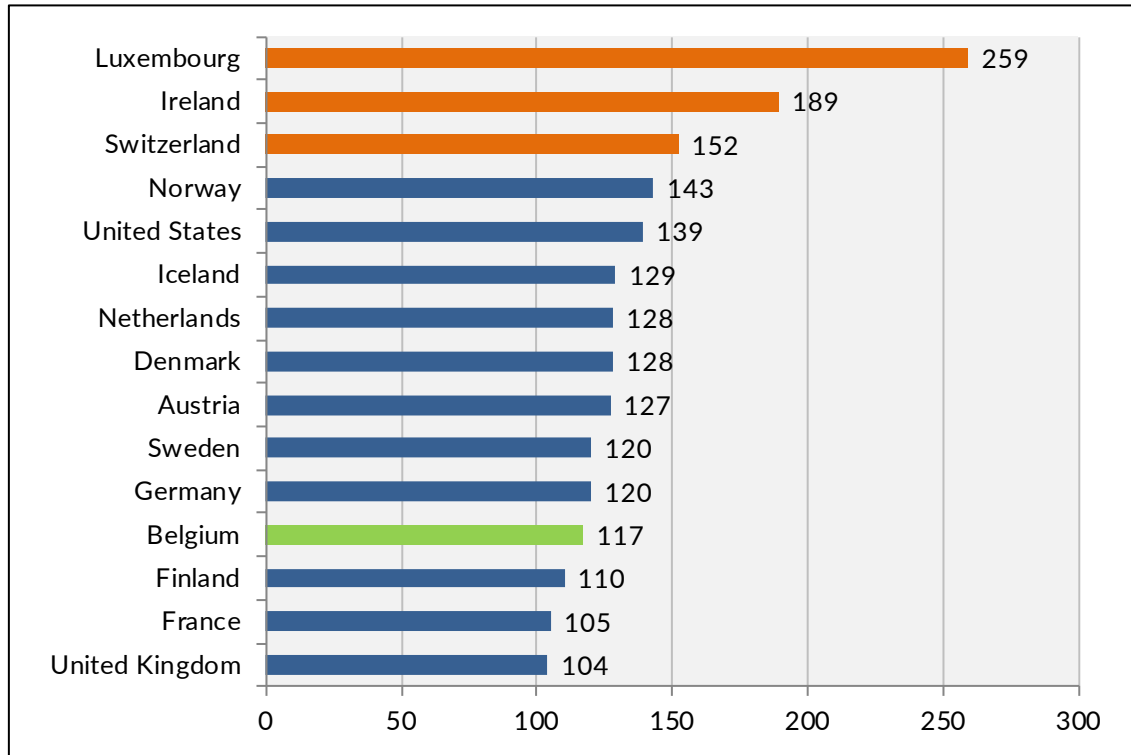
<sup>4</sup> In 2019, the GDP of the euro area amounts to 11,935.4 billion euros (+3 % compared with 2018).

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

- 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.



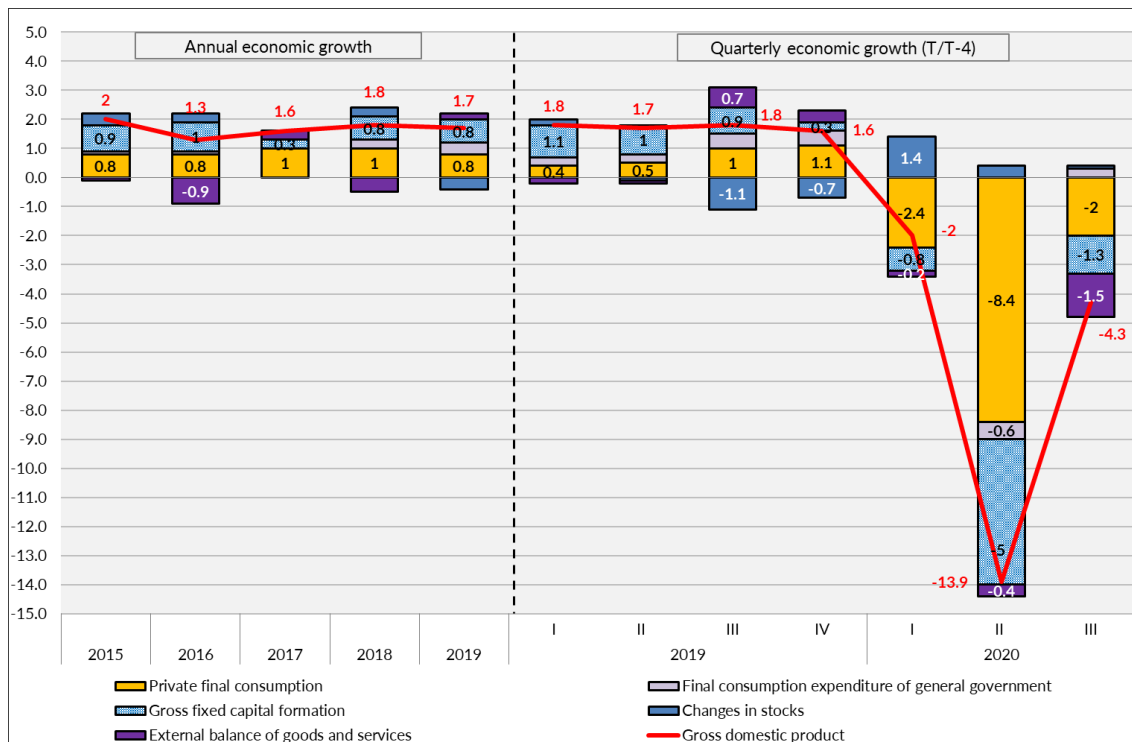
Source: Eurostat.

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 from an expenditure point of view

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 continued to decrease during the **third quarter of 2020** (-4.3 % year-on-year) but less significantly than in the second quarter of 2020 (-13.9 %). This smaller decline in GDP in the third quarter of 2020 reflects the gradual recovery of some economic activity and the release of several containment measures during the summer.

The **domestic demand (excluding stocks)** reduced economic growth by 3 percentage points during the third quarter of 2020. During the third quarter of 2020, the contribution to economic growth for private consumption was once again negative (-2 percentage points compared to -8.4 percentage points in the previous quarter), which also was the case for investments (-1.3 percentage points compared to -5 percentage points previously), reflecting a postponement of investment decisions from investors in a context of high general uncertainty. Only public consumption expenditure contributed positively to GDP growth in the third quarter of 2020 (+0.3 percentage points), compared with a decrease of 0.6 percentage points in the previous quarter.

**Net exports** also contributed to the decline in economic activity in the third quarter of 2020 (-1.5 percentage points), after a smaller negative contribution in the second quarter of 2020 (-0.4 percentage points). The contribution to **changes in stocks** was slightly positive during the third quarter of 2020 (+0.1 percentage points)<sup>6</sup>.

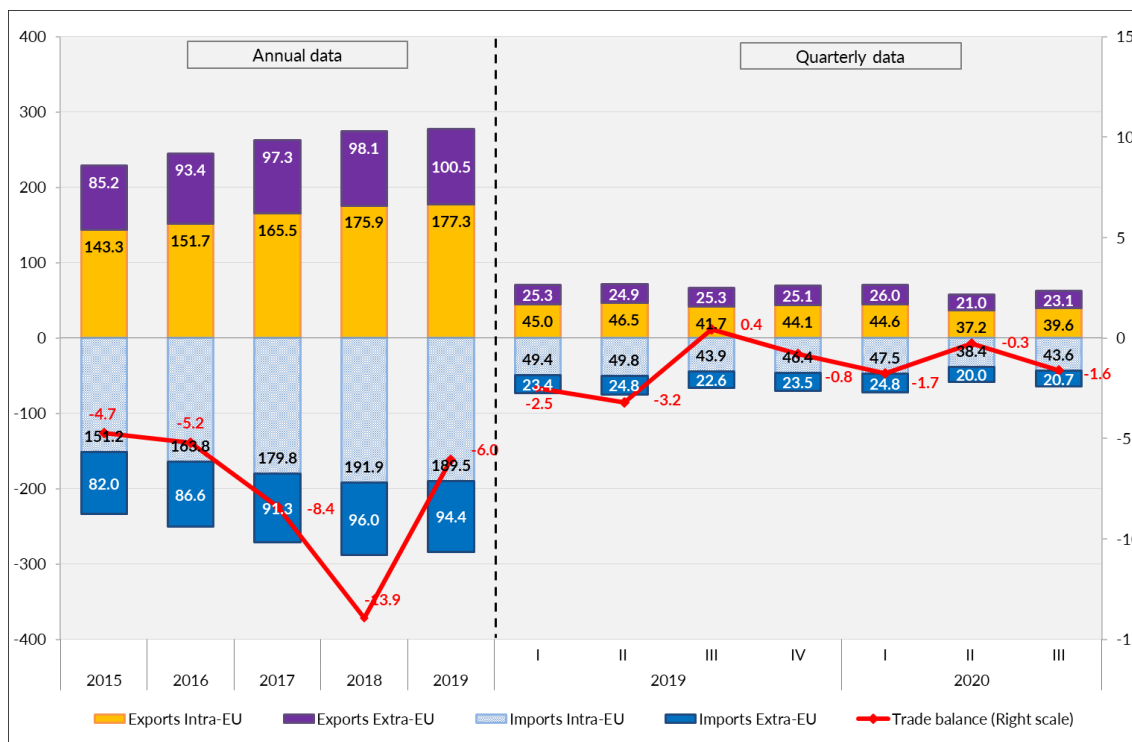
<sup>6</sup> The contributions to GDP growth have been revised for net exports and inventory changes for the second quarter of 2020, which explains the difference with the figures presented in the previous version of the Economic Outlook (November 2020).



While the figures provided for the third quarter of 2020 are still provisional at the time of writing this note, the decline in economic activity is genuine. Moreover, as the situation still has not returned to normal, a year-on-year decline in activity is still expected for beginning of 2021, given the extended closure of restaurants and cafés, non-medical contact professions and jobs related to the cultural field.

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>7</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 6.5 % during the **third quarter of 2020**, compared to the same period in 2019, reaching 62.7 billion euros (compared with 67 billion euros a year earlier). This result is due both to intra-EU exports, which fell by 5.1 % year-on-year and to extra-EU exports which declined by 8.7 % over the same period.

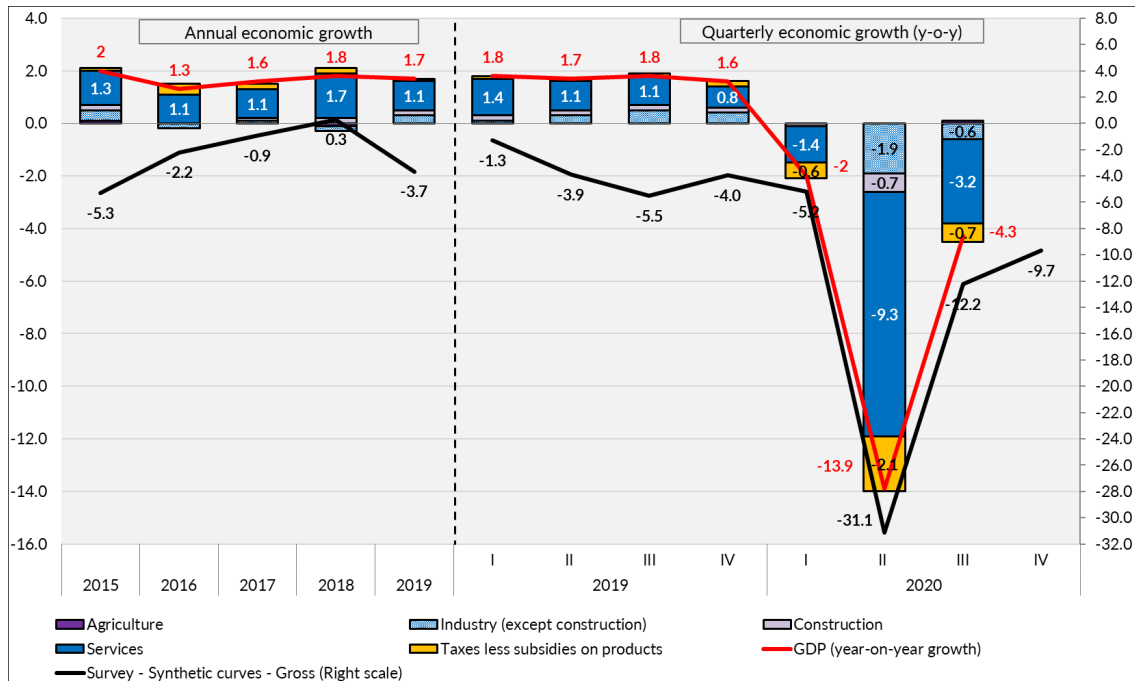
Belgian **imports** of goods in value decreased by 3.4 % in the **third quarter of 2020** year-on-year, amounting to 64.3 billion euros, driven by both weaker intra-EU (-0.7 %) and extra-EU (-8.7 %) imports over the same period.

These results translated into a **negative trade balance** in the third quarter of 2020 (-1.6 billion euros). The net trade balance deteriorated compared to the previous quarter (-278.2 million euros) and compared to the corresponding quarter of 2019 (+445.3 million euros).

<sup>7</sup> The national concept refers solely to cross-border movements of goods involving a resident business counterparty (Source: NBB).

Graph 6. Evolution of the GDP in % and contribution of the different components from a production point of view

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 once again the main driver of economic growth in Belgium in 2019, supporting it with 1.1 percentage points (compared to 1.7 percentage points in 2018). After a negative contribution to the 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, comparable to 2018. While agriculture negatively affected economic growth in 2018, its contribution to the GDP growth was neutral in 2019.

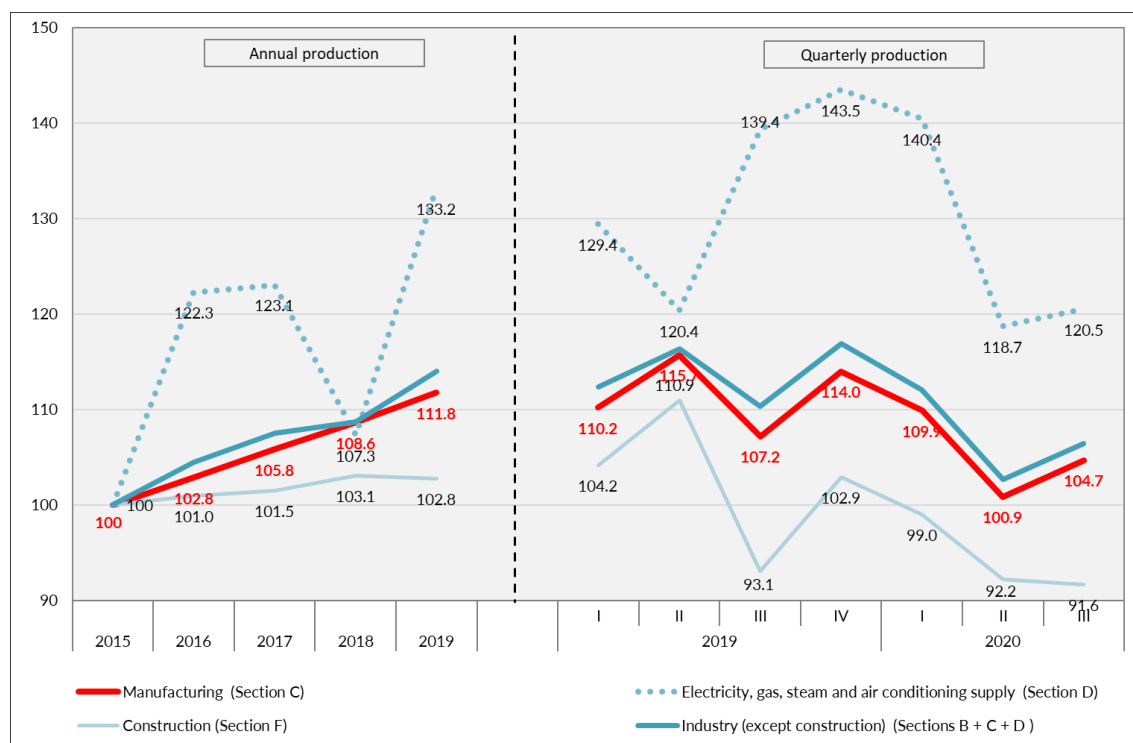
During the **third quarter of 2020**, activity of most economic sectors declined (year-on-year) and therefore contributed negatively to GDP growth. Indeed, only real estate activities, public administration, agriculture and, to a lower extent, the construction sector experienced a slight increase of their activity over this period. Thus the contribution of the **industry (excluding construction)** to the decline of GDP reached -0.6 percentage points in the third quarter of 2020, after a contribution of -1.9 percentage points observed for the previous quarter.

For the third time in a row, **services** contributed to the decline of GDP, from a contribution of -9.3 percentage points in the second quarter of 2020 to a contribution of -3.2 percentage points in the third quarter of 2020.

Finally, the contribution of the **construction sector** to economic growth was neutral in the third quarter of 2020, compared to a contribution of -0.7 percentage points in the previous quarter.

Since **business confidence** collapsed in the second quarter of 2020, following the climate of uncertainty generated by the coronavirus pandemic, confidence recovered somewhat in the third and fourth quarters of 2020, although it is still far from returning to pre-pandemic levels.

Graph 7. Evolution of the industrial production indices  
2015 = 100.



Source: Statbel, Working-day adjusted indices.

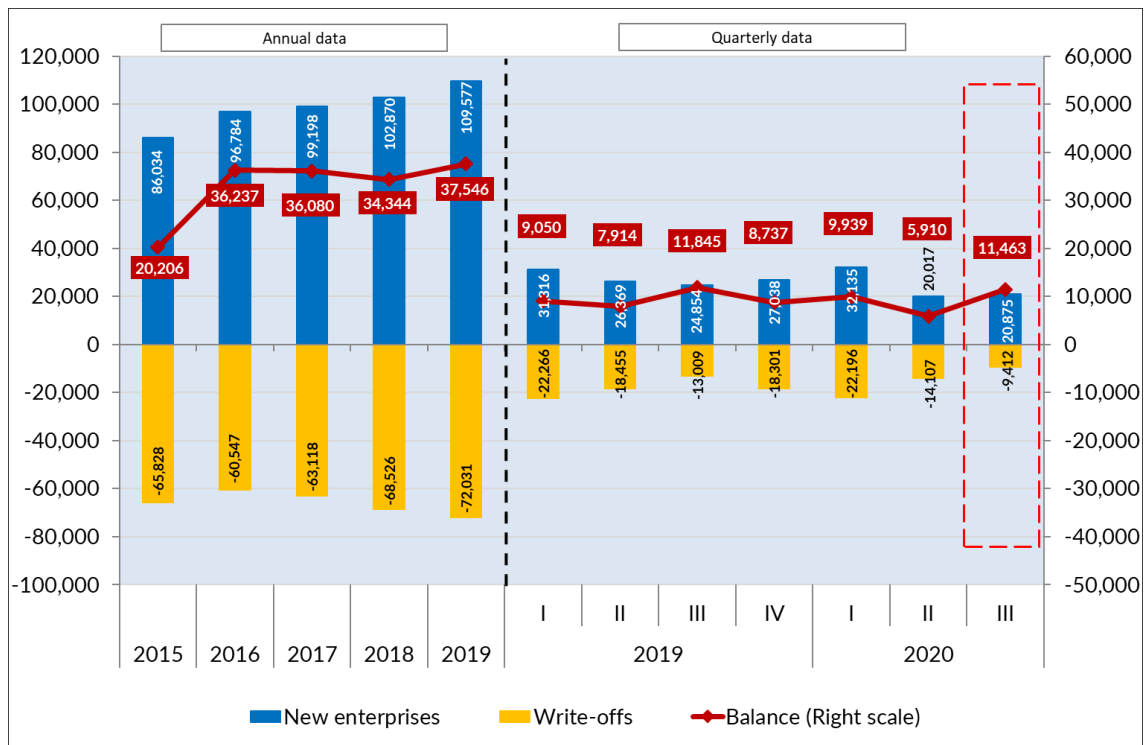
With the exception of construction, the year 2019 was beneficial for all the sectors examined here, which saw their output increase year-on-year.

After declining 12.8 % year-on-year in the second quarter of 2020, the output in manufacturing fell less in the third quarter of 2020 (-2.3 % year-on-year). In the second quarter of 2020, only two sectors had recorded a year-on-year increase in production, namely the pharmaceutical industry (C21) and the coking and refining sector (C19). In the third quarter, several sectors returned to positive figures, such as the food industry, the textile industry, metallurgy and the manufacture of furniture. It should be noted that the transport equipment sector was strongly impacted in both the second and third quarters of 2020.

The **production of electricity, gas, steam and air conditioning** contracted more sharply in the third quarter of 2020 (-13.5 %) than in the second quarter of 2020 (-1.4 %) year-on-year.

Finally, **construction activity** appears to recover somewhat in the third quarter of 2020. After deteriorating sharply in the second quarter of 2020 (-16.9 %), the decline in output was limited to 1.5 % year-on-year).

Graph 8. Business demography in Belgium



Source: Statbel.

In **2019**, **entrepreneurial demographics** showed a favourable trend in terms of new enterprises compared with 2018, 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.

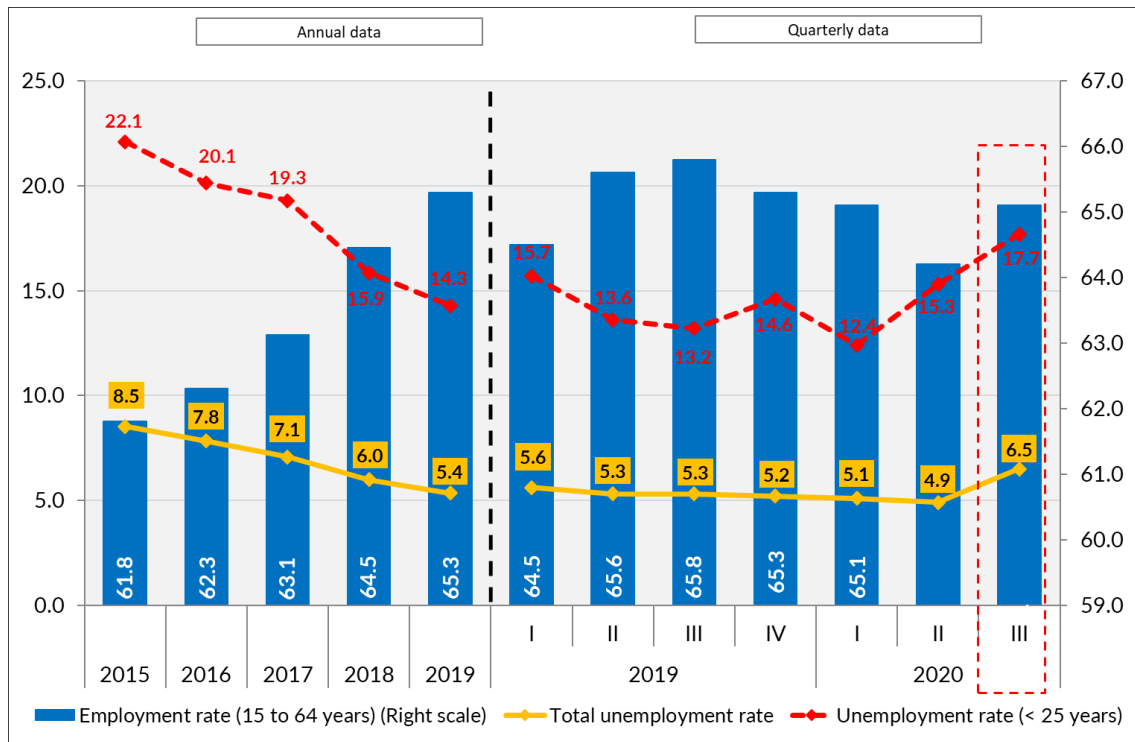
In the **third quarter of 2020**, **28,281 new companies** were created, thus 3,427 more enterprises than in the corresponding quarter of 2019.

Those new companies represent 88.5 % of first tax registration (52.4 % individuals and 36.0 % legal entities) and 11.5 % of renewed tax registrations (9.9 % individuals and 1.6 % legal entities).

On the other hand, 13,958 companies **stopped their activity** in the third quarter of 2020 (65.7 % individuals and 34.3 % legal entities), thus 949 more 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 14,323 companies, 59.0 % of which were individuals and 41.0 % legal entities. This net balance "creations-closures" has increased by 2,478 units compared to the one of the corresponding quarter of 2019 (+20.9 %).

Graph 9. Employment rate and harmonised unemployment rate  
In %.



Source: Eurostat.

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

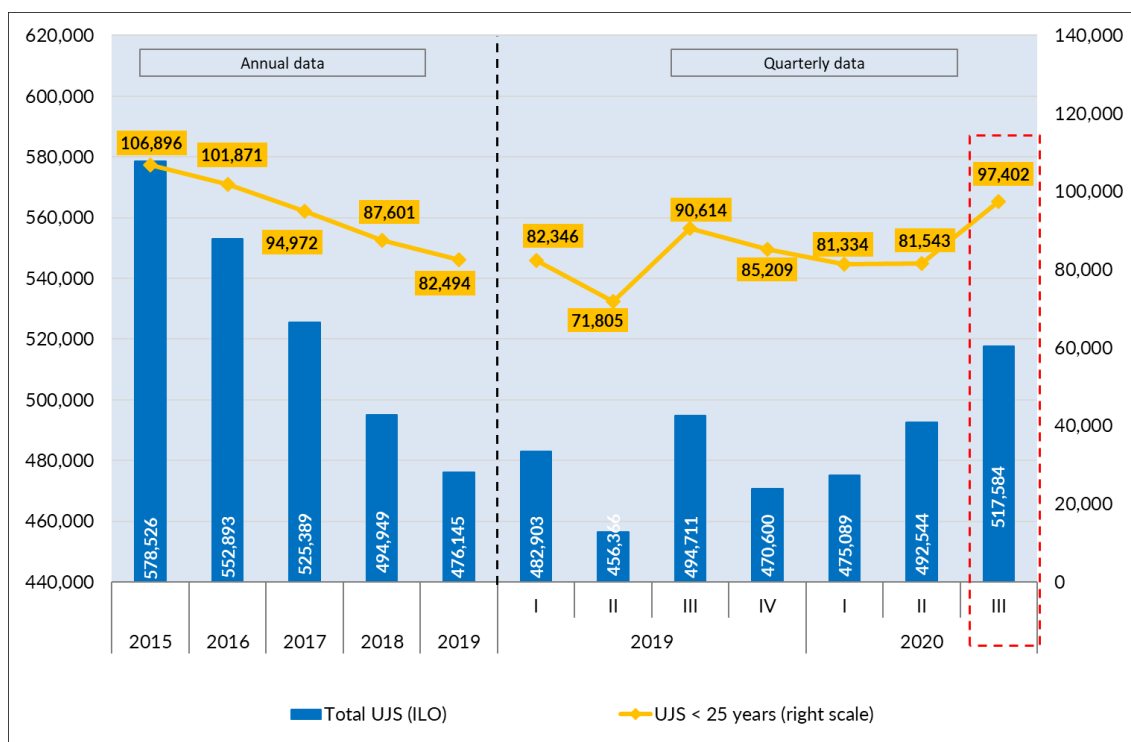
However, the situation deteriorated in 2020. In **the third quarter of 2020**, all of the monitored indicators show unfavourable developments year-on-year.

The **employment rate** reached 65.1 % in the third quarter of 2020, which is 0.7 percentage points less than in the corresponding quarter of 2019.

The **youth unemployment rate** amounted to 17.7 % in the third quarter of 2020, 4.5 percentage points more than in the corresponding quarter of 2019.

At the same time, the **unemployment rate** (raw data) increased by 1.2 percentage points in the third quarter of 2020 year-on-year to reach 6.5 %

Graph 10. Number of unemployed jobseekers (UJS)



Source: NEO.

In 2020, the number of **unemployed job seekers (UJS)** evolved unfavourably compared to 2019, increasing by 3.7 % to reach 493,627 UJS, as did the **UJS under 25**, which increased by 5.2 % to the amount of 86,759.

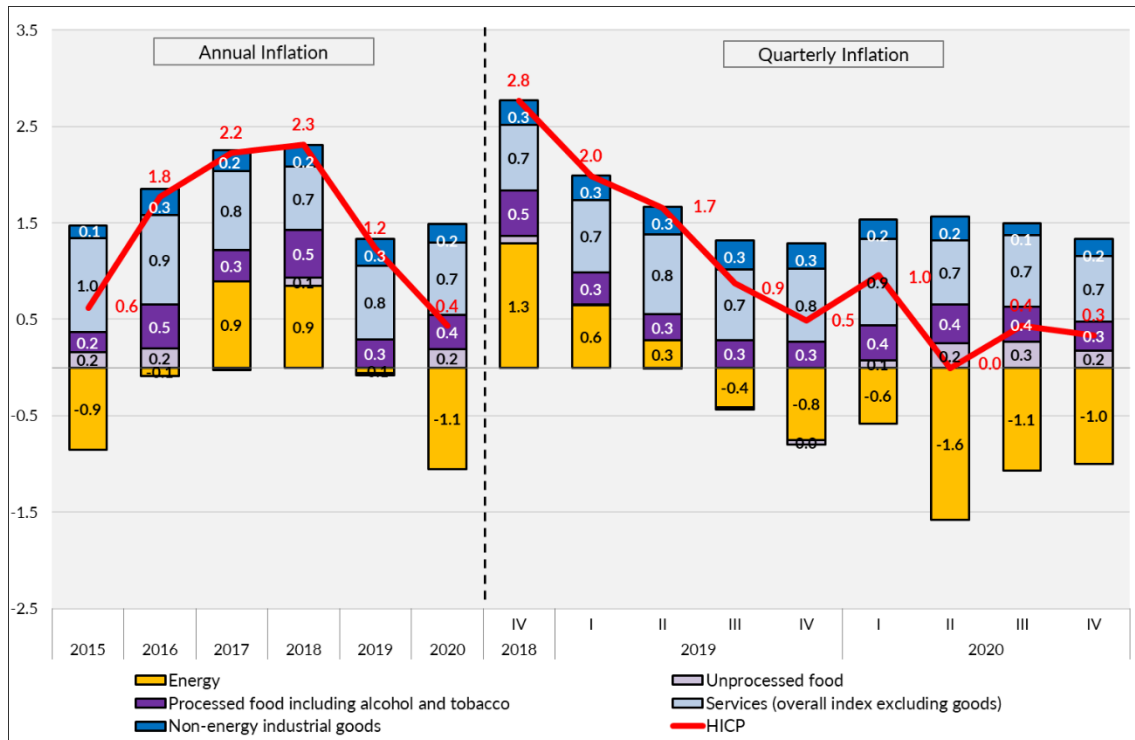
During the last three quarters of 2020, the number of **unemployed job seekers (UJS)** has steadily increased year-on-year. In the **fourth quarter of 2020**, there were **489,290 UJS**, an increase of almost 4.0 % year-on-year.

Like the UJS, the fourth quarter of 2020 also confirms the growing trend observed since the second quarter of 2020 year-on-year in the number of **UJS under 25**. Thus, there were 86,757 UJS under 25 year in the fourth quarter of 2020, an increase of 1.8 % year-on-year.



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

HICP in % and contribution in percentage points.



Source: Statbel.

Despite a rise in unprocessed food prices, **HICP inflation** slowed down in 2020 (0.4 % compared with 1.3 % in 2019), driven by a decline in the prices of the main energy products and, to a lesser extent, a deceleration in non-energy industrial goods prices.

Consumer prices of **processed food** rose by 2.1 % in the course of 2020, accelerating from 1.7 % in 2019, contributing 0.4 percentage points to overall inflation.

Consumer prices of **unprocessed food** grew by +4.7 % in 2020, but due to the moderate weight in the consumer basket, the contribution to overall inflation was limited to 0.2 percentage points.

Due to its high weight in the consumption basket (more than 40 %), services, which experienced an inflation of 1.8 % in 2020, similar to that in 2019, contributed significantly to total inflation (0.7 percentage points).

The pace of price increases for the fifth product group, **non-energy industrial goods**, slowed down in 2020 (+0.7 %, compared with +1 % in 2019), contributing 0.2 percentage points to total inflation.

Finally, the **energy products** category has been strongly influenced by the collapse of oil prices on world markets due to the economic and health crisis. As a result, prices in this product category fell by 16.3 % in 2020, negatively impacting total 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

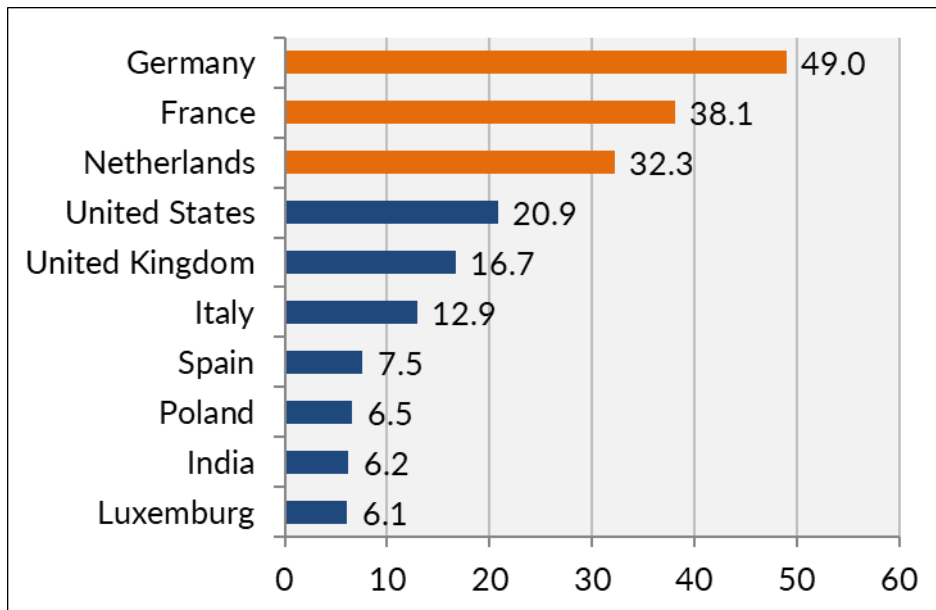
	2015	2016	2017	2018	2019
World (all entities)	100%	100%	100%	100%	100%
European Union (27 countries)	62.7%	61.9%	63.0%	64.2%	63.8%
Other European countries	12.2%	12.3%	12.0%	11.2%	10.8%
<i>United Kingdom</i>	7.9%	7.6%	7.2%	6.6%	6.0%
<i>Turkey</i>	1.2%	1.2%	1.3%	1.2%	1.1%
Africa	2.8%	2.7%	2.7%	2.7%	2.8%
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.

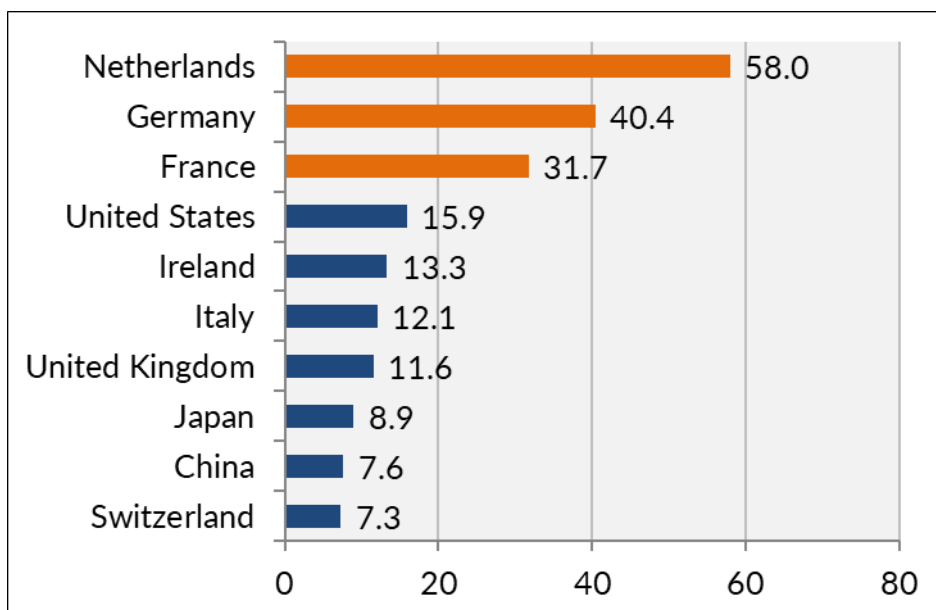
In 2019, Belgian exports of goods went mainly to nearby countries. The first destination was **Germany**, accounting for 49 billion euros, followed by **France** with 38.1 billion euros and **the Netherlands** with 32.3 billion euros. Together, those three countries received 43 % of total Belgian exports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



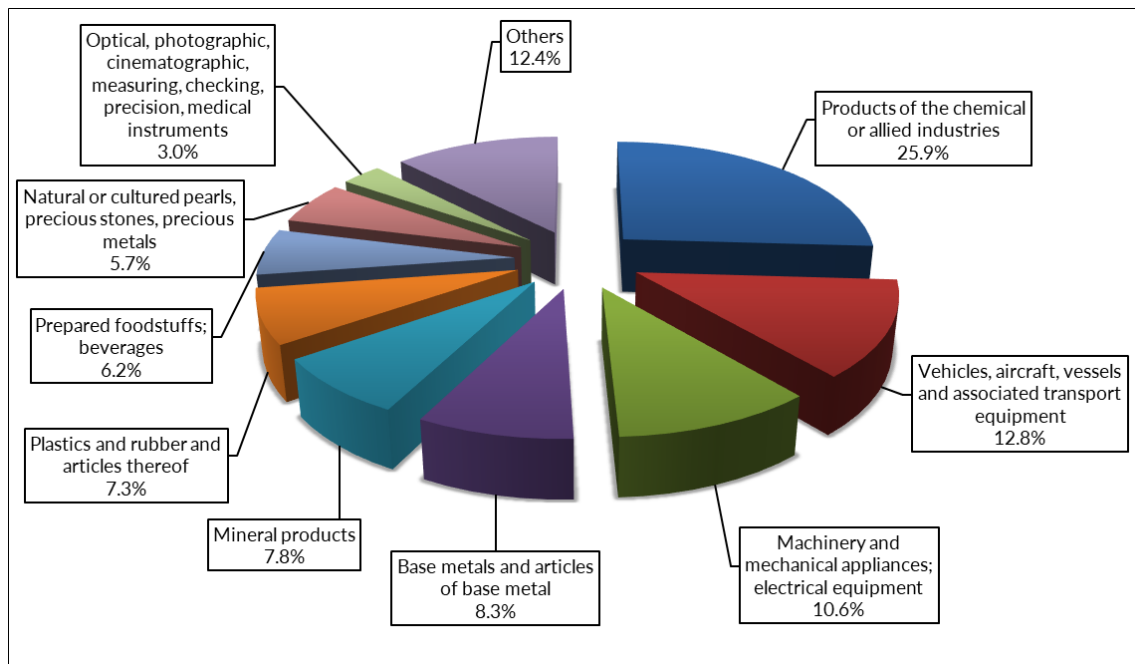
Source: National Accounts Institute (NAI), national concept.

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

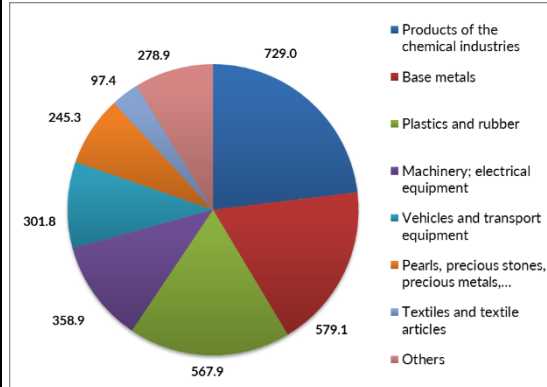


Source: National Accounts Institute (NAI), national concept.

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 %).

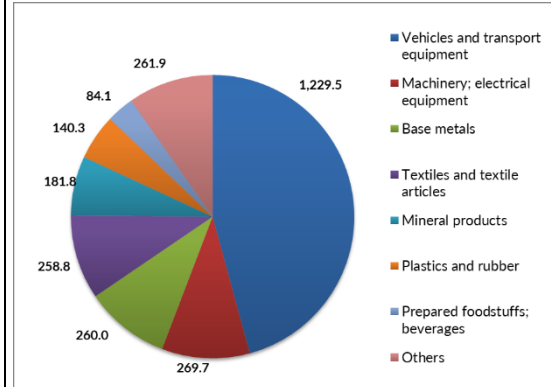
Focus: Trade flow between Belgium and Turkey in 2019.

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 %).

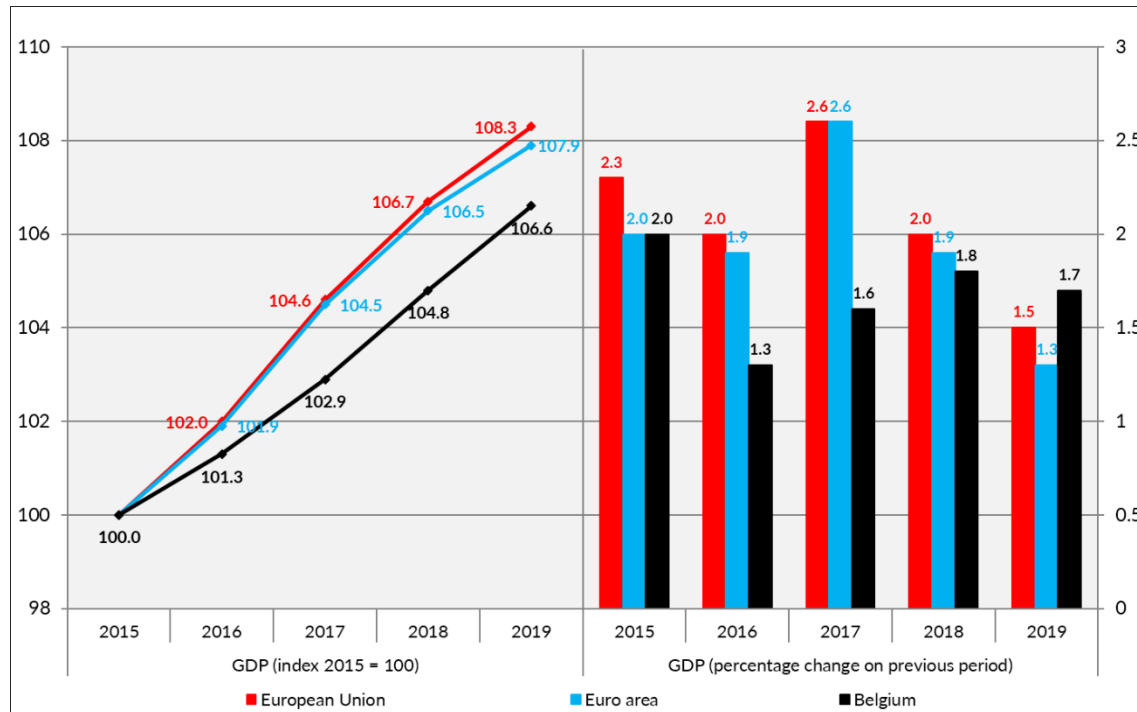
The main imported products from Turkey by Belgium in 2019 were **vehicles and transport equipment** and amounted to almost 1.2 billion euros (45.8 % of total Belgian imports from Turkey in 2019).

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 performance compared to that of the European Union

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



Source: Eurostat.

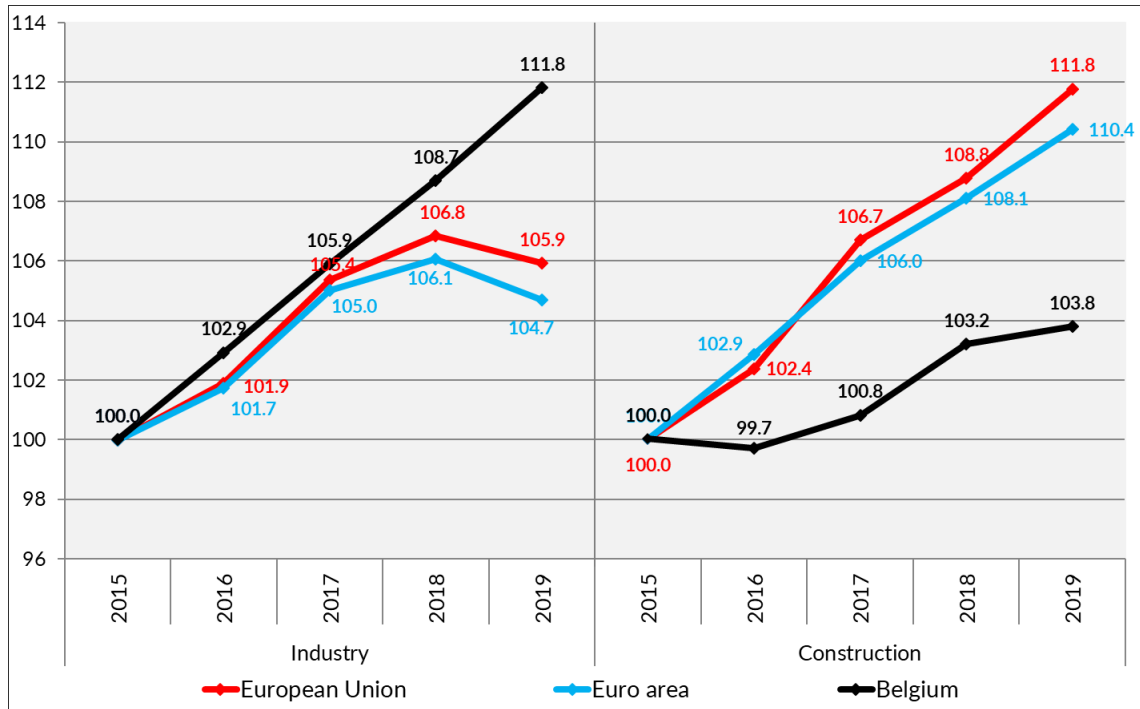
**Between 2015 and 2018**, GDP grew at a slower pace in Belgium than in the two other areas.

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.

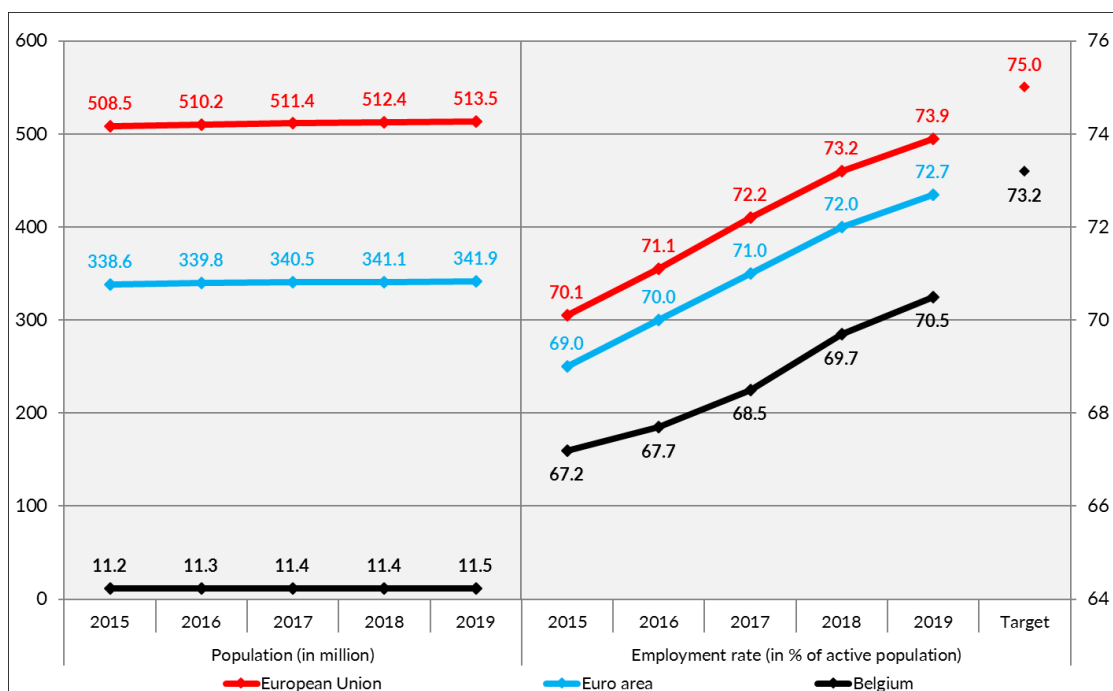


Source: Eurostat.

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

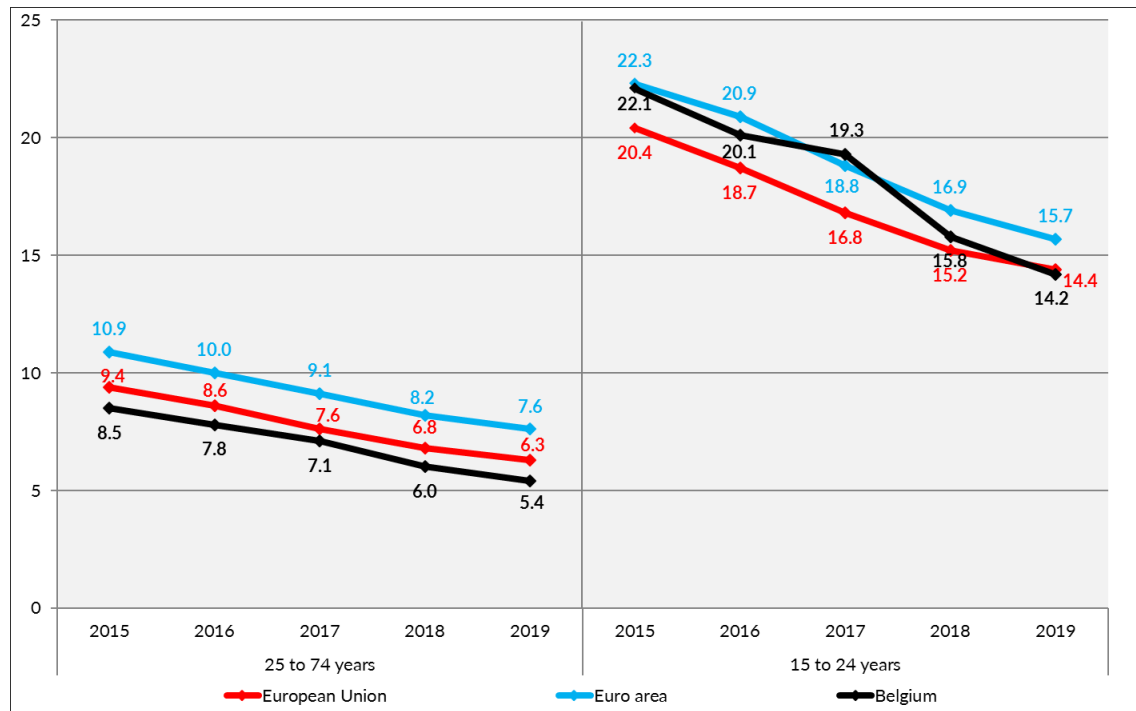


Source: Eurostat.

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

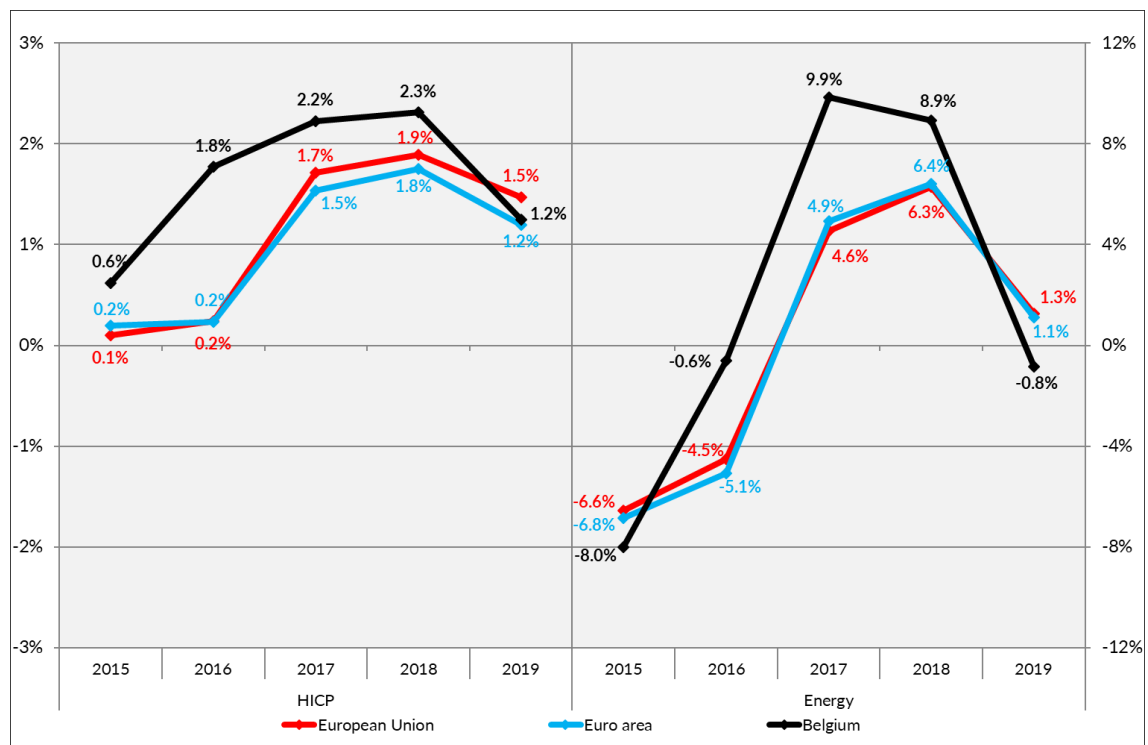


Source: Eurostat.

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

Table 3. GDP growth forecasts in the international environment

In %.

International environment	2018	2019	2020 (e)	2021 (e)	2022 (e)
World	3.5	2.8	-3.5	5.5	4.2
United States	3.0	2.2	-3.4	5.1	2.5
China	6.7	6.0	2.3	8.1	5.6
Euro area	1.8	1.3	-7.2	4.2	3.6
Germany	1.3	0.6	-5.4	3.5	3.1
France	1.8	1.5	-9.0	5.5	4.1
The Netherlands	2.4	1.7	-4.1	3.0	2.9
United Kingdom	1.3	1.4	-10.0	4.5	5.0
Turkey	3.0	0.9	1.2	6.0	3.5

(e) = estimate.

Source: IMF ([World Economic Outlook](#), January 2021).

Table 4. GDP growth forecasts in Belgium

In %, unless otherwise indicated.

Belgium	2018	2019	2020 (e)	2021 (e)	2022 (e)
<b>GDP</b>	<b>1.8</b>	<b>1.7</b>	<b>-6.2</b>	<b>4.1</b>	<b>3.1</b>
Final consumption expenditure of households and NPI	1.9	1.5	-7.7	6.1	3.1
Final consumption expenditure of general government	1.2	1.7	1.4	4.2	1.3
Gross fixed capital formation	3.4	3.4	-9.0	3.3	4.6
Net exports (goods and services) (contribution to growth, in p.p.)	-0.5	0.2	-0.8	-0.2	0.1
<b>Total inflation (ICP)</b>	<b>2.1</b>	<b>1.4</b>	<b>0.7</b>	<b>1.3</b>	<b>1.6</b>

(e) = estimate.

Source: Federal Planning Bureau ([Economic Outlook 2020-2025](#)<sup>8</sup>, October 2020 and [Economic budget](#), February 2021)

<sup>8</sup> Used for the forecast of 2022.