

## Belgium: activity revised down at end of 2020

Belgium ends 2020 with GDP 5.1% lower than before the crisis. Recovery will be limited in the first half of the year, on the back of a slow vaccination process



While the first estimate of GDP for the fourth quarter of 2020 showed a 0.2% growth rate compared to the previous quarter, this figure has just been revised downwards to -0.1%. Over one year, GDP thus contracted by 5.1%, by far the largest contraction of GDP in several decades.

The publication of the second GDP estimate also provides more details on the components of GDP. Since the beginning of the crisis, household consumption has suffered the most. At the end of 2020, it was 9.8% below its pre-crisis level (4Q 2019). The other components have been a little more resistant. Business investment contracted by 3.6% over the same period, and foreign trade by "only" 3.2% (both exports and imports contracted by the same proportion).

With the number of Covid cases in Belgium on the rise again, a rapid relaxation of restrictions and curfews is not to be expected. Should the situation deteriorate further, additional measures can not be excluded. Consequently, the first quarter of 2021 should still be marked by sluggish consumption and GDP growth close to zero. The start of a recovery can certainly be expected from the second quarter onwards, but this will also depend on the speed of vaccination. Unfortunately,

European countries are lagging considerably behind the United States and the United Kingdom in this respect. To date, barely 5% of the total population in Belgium has received at least one dose of vaccine. It will therefore be more reasonable to wait until the second half of the year to see a real acceleration in economic growth, and above all in household consumption, which has a lot of catching up to do.

For this year as a whole, we are forecasting 3.5% growth in GDP, after a contraction of 6.2% in 2020.

## Author

### Philippe Ledent

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).