

## 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.

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