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PRESS RELEASE

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The Belgian economy slowed in 2023, with growth of 1.3%

- **Household consumption lost momentum, while business and government investment were particularly dynamic**
- **Employment grew at a moderate pace, with net job creation amounting to 39 500**
- **The public deficit widened to 4.2%**

Today, 18 October 2024, the National Accounts Institute (NAI) is publishing Belgium's detailed national accounts for 2023, including the general government accounts. These latest statistics are based on more comprehensive information and provide a **greater level of detail** than previously published estimates, particularly in terms of the breakdown of aggregates by economic and institutional sector, consumption per product, investment per asset type, etc.

The statistics for the period 2009 to 2022 were revised as part of the five-year [benchmark revision of the national accounts](#). The full results can be found in the [detailed release](#) and in the [general government accounts](#) as well as on [NBB.stat](#).

Activity slowed across all industries

After three years marked by exceptional shocks, the pace of activity growth normalised in 2023, coming in at 1.3%.

Activity slowed across the board, except in agriculture. The biggest year-on-year decline was in the industrial branch (from 6.4% to 0.4%), particularly in activity industries upstream in the value chain, such as the metal, plastics and chemical industries. Value added fell slightly in construction (-0.4%); the investment push by local authorities in a pre-election year was insufficient to offset the drop in residential investment, hampered by the continuing high cost of materials and mortgage rates. In services, which climbed by an average of 1.4%, vibrant growth continued in industries that had not yet fully returned to their pre-pandemic level - such as hospitality and catering, healthcare, cultural and leisure services, and other services (which include personal care). On the other hand, activity slowed in telecommunications and in business-related services.

Household consumption ran out of steam

Domestic demand, like economic activity, weakened in 2023. The slump in household consumption, which rose by just 0.6%, largely explains this trend, given its preponderant contribution to domestic demand. Spending on food, and to a lesser extent on clothing, alcohol and tobacco, fell in the wake of steeply rising prices. On the other hand, spending on healthcare grew sharply again, as did purchases of new vehicles and expenditure on telecommunications services.

The marked moderation in household spending occurred even though the trend in disposable income was slightly more favourable (up 8.4% in nominal terms and 2,3% in real terms) than in the previous year. As a result, the household saving rate rose, to 14.1%, thus close to its historical average.

Public consumption continued to grow at a sustained pace (3.2%), virtually unchanged from the year before. Spending on healthcare was the main driver of this rise.

Investment by business and public authorities rose sharply

While household investment in residential property was down again (-2.5%), for the reasons mentioned above, a very different picture emerged for business investment and, even more so, public investment, which rose by 5.1% and 5.9%, respectively.

Investment in tangible assets was very dynamic, with robust growth in IT and telecoms equipment as well as in machinery and equipment. But the asset types that made most substantial contribution to investment were non-residential buildings and other structures, primarily due to the so-called election cycle, meaning the local authorities tend to invest more in the run-up to local elections.

Belgium's international trade fell in 2023, exports (-7.1%) slightly more than imports (-6.8%), resulting in a net negative contribution to growth. However, this general trend masks a marked difference between trade in goods, which fell sharply as a result of stagnating world trade and certain factors specific to the Belgian pharmaceutical industry, and trade in services, which increased moderately.

Job creation continued at a steady pace

Mirroring the trend in economic activity, net job creation slowed in 2023. A total of 39 500 jobs were created, corresponding to an increase of 0.8%. As in previous years, self-employment (1.1%) was more dynamic than salaried employment (0.7%).

Employment growth remained strong in service areas that had suffered most from the pandemic, namely hospitality and catering and cultural and leisure services, but also in scientific and technical services and the pharmaceutical industry. On the contrary, employment fell in some industrial branches and in a number of service industries, with the biggest declines recorded in agriculture and domestic services.

Public finances deteriorated

The general government budget deficit widened to 4.2% of GDP.

Primary expenditure rose to 51.3% of GDP, under the impact of the continuing increase in minimum social benefits, ageing-related costs and the automatic indexation of social benefits and civil servant salaries. For the first time since 1995 – year of availability of ESA2010 statistics - interest charges as a percentage of GDP rose, to 2.0% of GDP, in line with the rise in market interest rates. The increase in the revenue-to-GDP ratio, which reached 49.1% in 2023, was not enough to offset the rise in expenditure, causing the deficit to increase.

Public debt held virtually stable at 103.1% of GDP in 2023.

Belgium posted a slight deficit vis-à-vis the rest of the world

The Belgian economy as a whole, reported a financing need vis-à-vis the rest of the world of around 0.5% of GDP in 2023, representing a slight improvement on the previous year. The worsening in the government deficit was more than offset by the marked improvement in the financing surplus of households; the financing balance of the corporate sector remained stable.

KEY FIGURES

	2020	2021	2022	2023
Activity and demand (percentage change in volume)				
GDP	-4.8	6.2	4.2	1.3
Value added				
Agriculture	-3.8	-0.9	1.0	2.1
Industry and energy	-5.2	-5.0	6.4	0.4
Construction	-6.1	9.4	-0.1	-0.4
Services	-4.0	7.7	4.5	1.4
Expenditure				
Final consumption expenditure of households and NPISH ⁽¹⁾	-7.2	5.6	3.6	0.6
General government final consumption expenditure	-0.2	4.1	3.3	3.2
Gross fixed capital formation	-5.1	4.3	1.7	3.5
<i>Businesses</i>	-5.8	4.3	4.1	5.1
<i>Housing</i>	-5.9	4.2	-3.2	-2.5
<i>Government</i>	0.7	4.5	-2.3	5.9
Change in inventories ⁽²⁾	-0.4	-0.3	1.2	-0.4
Exports of goods and services	-6.0	14.7	5.8	-7.1
Imports of goods and services	-6.7	12.8	5.8	-6.8
<i>p.m. Net exports of goods and services</i> ⁽²⁾	0.6	1.6	0.1	-0.2
Jobs (change in thousands of persons)				
Employees	-21.0	-56.4	78.6	29.5
Self-employed	15.8	25.7	17.0	10.0
Total	-5.3	82.3	95.5	39.5
Public finances (percentage of GDP)				
Revenue	49.4	49.5	48.6	49.1
Primary expenditure	56.5	53.2	50.7	51.3
Interest expense	2.0	1.7	1.6	2.0
Financing requirement (-)	-9.0	-5.4	-3.6	-4.2
Public debt (Maastricht definition)	111.2	108.4	102.6	103.1

Source: NAI.

1 Non-Profit Institutions Serving Households

2 Contribution to GDP growth