



Belgium



Did you know...?

Geography Belgium is a flat country divided into three regions: Brussels, Wallonia in the south, and Flanders in the north.

History The country formally gained independence from the Netherlands in 1830 through a revolution. The year after, King Leopold I was installed on the throne.

Languages French is spoken in the southern region of Wallonia, whereas the northern part speaks Flemish. In Brussels both languages are widely spoken.

European Union Brussels is home to the European Commission, the European Council and many other European bodies.

Fun Fact Belgium is home to the diamond industry's main commercial center: In the city of Antwerp, the most beautiful diamonds are cut, polished and sold.

An overview of Belgium's economy

With recent reforms, the Belgium economy is set to see increased employment. Renewals in domestic demand and private consumption are increasing growth prospects and the investment climate.

Geographically, economically and historically, Belgium is at the core of the European Union. In 1951, it was one of the founding members of the European Coal and Steel Community, the precursor to today's EU. More than fifty years later, Belgium was among the first countries to start using the euro, the EU's single currency, in January 1999.

Belgium was the first country after the United Kingdom to experience the industrial revolution in the 19th century. Its geography, the presence of natural canals, and resources like coal and iron, made Belgium a fast growing and wealthy country. Over time, the economy has transformed as certain industries (mining, textiles) have faded into obscurity. The political relationship between the Flemish-speaking north and the French-speaking south of Belgium sometimes complicates the management of the country's economy.

Belgium is home to one of the biggest ports in Europe, Antwerp. Belgium's international banking sector also makes the economy extremely open to the global economy. However, in 2009, the Belgian economy contracted by 2.8% and unemployment rose as the world economy took a nosedive. The composition of the Belgian economy meant it was heavily impacted by the global financial and economic crisis.

The financial sector required support from the government and was not as solid as previously thought. Belgian exports, which largely go to EU countries, were hit hard but are recovering with external demand improvements. The country has recovered modestly with projected real GDP growth of 1.7% for 2017.

Belgium is projected to run a budget deficit of 1.5% of GDP in 2017, with a slight decrease in public debt to 103.8% of GDP in the same year. Belgium historically has high government deficits, but it has seen slight decreases and is projected to remain stable. The growth in GDP will cause a net decrease in the ratio of debt-to-GDP.

Renewals in the business and investment climates, spurred by domestic demand and private consumption, are helping growth. Helpful reforms, particularly moderating wage growth, have helped to spur further employment.





Belgium's Economy – Key Facts

- Belgium's GDP per capita is above the euro area average. However, there is a notable difference between GDP per capita in the more affluent northern region of Flanders, and the southern region of Wallonia.
- The World Economic Forum (WEF) Global Competitiveness Report for 2017/2018 ranked Belgium 20th out of 137 countries, and it was ranked 5th in terms of health and primary education.
- The World Bank's Doing Business Report ranked Belgium 52nd out of 190 countries in 2018. Starting a business is relatively easy, however, once started, businesses face difficulties with getting electricity, registering property, and getting credit.
- According to the European Commission's Autumn 2017 forecast, GDP will expand by 1.7% in 2017 then 1.8% 2018. The unemployment rate will decrease from 7.3% in 2017 to 7.0% in 2018, with further falls to be expected in 2019. Projections put the deficit at 1.5% of GDP in 2017, an improvement from 2.5% in 2016.
- Government formation in Belgium can sometimes be difficult given the regional differences. Delays in government formation can complicate the management of the economy and inject a certain amount of uncertainty into economic actors' decision making. However, Belgium has an impressive record of sound management of its public finances in the past decade. This will need to be continued to counter the legacy of the crisis.

References

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Exports The Belgian economy is heavily export oriented. The majority of its exports go to other EU member states. The health of Belgium's export sectors is directly tied to the economic health of other countries in the EU.

Wages In Belgium wages increase automatically on the basis of a complex welfare system. During the financial crisis, various stimulus packages were approved to sustain wages. The combination of the two measures increased the country's deficit.

Inflation is forecast to be 2.2% in 2017, an increase from 1.8% in 2016.

Regional Economies

Belgium encompasses two distinct regions with differing economies. Industrial and service activities in the north include chemicals, telecommunications, and the first diamond market in the world. The south produces steel, glasswork and electrical engineering products.