

## BELGIUM

The economy is expected to continue to contract in the remainder of 2009, before a relatively slow recovery emerges in 2010 on the back of fiscal stimulus, easier monetary conditions, and a recovery in world trade. Despite rising unemployment, core inflation may persist, owing to automatic wage indexation.

While automatic stabilisers should be allowed to operate fully, additional fiscal stimulus might not be very effective nor advisable, given an already strongly rising public deficit and the high level of public debt. Fiscal sustainability needs to be secured through measures to achieve medium-term expenditure restraint at all levels of government as well as reforms to limit upcoming ageing costs.

## Belgium: Demand, output and prices

	2005	2006	2007	2008	2009	2010
	Current prices € billion	Percentage changes, volume (2006 prices)				
Private consumption	159.0	2.1	2.0	0.8	-1.1	0.5
Government consumption	69.1	0.1	2.3	2.1	1.9	1.6
Gross fixed capital formation	61.6	4.8	6.1	5.1	-5.2	-4.8
Final domestic demand	289.7	2.2	3.0	2.1	-1.3	-0.4
Stockbuilding <sup>1</sup>	1.8	0.7	0.1	-0.1	-0.9	0.1
Total domestic demand	291.5	2.9	3.0	1.9	-2.2	-0.4
Exports of goods and services	261.9	2.7	3.9	2.1	-17.5	-0.5
Imports of goods and services	250.8	2.7	4.4	3.3	-15.4	-0.2
Net exports <sup>1</sup>	11.1	0.1	-0.3	-1.0	-1.8	-0.2
GDP at market prices	302.6	3.0	2.6	1.0	-4.1	-0.5
GDP deflator	–	2.3	2.4	1.7	1.0	0.7
<i>Memorandum items</i>						
Harmonised index of consumer prices	–	2.3	1.8	4.5	0.3	0.7
Private consumption deflator	–	2.8	2.8	4.3	0.2	0.9
Unemployment rate	–	8.2	7.5	7.0	8.3	10.6
Household saving ratio <sup>2</sup>	–	8.0	8.6	8.3	10.2	10.4
General government financial balance <sup>3</sup>	–	0.2	-0.3	-1.2	-4.6	-6.1
Current account balance <sup>3</sup>	–	2.6	1.7	-2.6	-0.2	-0.4

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

Source: OECD Economic Outlook 85 database.