



Press release

Statistics Netherlands

PR01-014
25 January 2001
9.30 hrs

Economic growth third quarter 3.3%

The volume growth of the Dutch gross domestic product (GDP) in the third quarter of 2000 on one year earlier was 3.3%. This is a slight downward revision of the first estimate of 3.4% published in November. The growth was lower than in the preceding quarter, partly because of calendar effects. Economic growth in the first nine months of 2000 amounted to 4.1%. According to the latest Quarterly National Accounts estimates, the price increase of GDP accelerated to 3.3%.

GDP price increase highest since 1982

In the third quarter of 2000, the price level of GDP is 3.3% higher than one year earlier. This is the highest price increase since 1982. The price development of GDP includes not only consumer and investment prices, but also the difference in growth between export and import prices.

Growth of goods producers slowing down

On the production side of the economy, growth slowed down most for of the manufacturing and construction industry. For suppliers of commercial services like transport, storage and communication and financial and other business services, growth remained stable at a high level.

The slowing down of production growth rates can partly be explained by the fact that the third quarter of 2000 had one working day fewer than the same quarter last year. After correction for this calendar and other seasonal effects, quarter on quarter GDP growth in the first three quarters of 2000 remains stable (0.7%). This increase is below the growth in the last three quarters of 1999.

Consumption growth levelling off

The volume increase in consumer spending in the third quarter (2.9%) was the lowest in three years. Spending on food, beverages and tobacco was even a fraction lower than a year earlier. The increase of expenditure on consumer durables is larger than in the previous quarter, but lower than in recent years. Growth in this category suffered from the decline in the number of new car sales. Volume growth of spending on services - by far the most important consumption category - fell from 4.5% in the second quarter to 4.1% in the third quarter.

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Investment growth lower

On the expenditure side, investment growth dropped particularly sharply, from 7.1% in the second to 2.5% in the third quarter. This deceleration applies to construction as well as machinery. Investment spending is affected by the incidental completion of large investment projects. If such projects are disregarded, structural investment growth slowed down from 5.1% in the second quarter to 2.7% in the third.

Export growth accelerating

The volume increase of exports in the third quarter was 9.7%, the highest increase since 1997. Partly because of the smaller increases in domestic expenditure, import growth slowed down slightly, from a peak of 9.2% in the second quarter to 8.2% in the third quarter.

Note

Economic growth is measured as the volume growth of the gross domestic product (GDP). GDP is the sum of the income generated in the production process: the 'value added'.

This press release contains the second estimate for economic growth in the third quarter of 2000. GDP growth has been adjusted downwards from 3.4% to 3.3%. This is caused by the use of statistical data that became available between the estimates.

The growth rates 'compared with one year earlier' in this press release are not completely comparable with the 'annualised' quarterly growth rates ('annual rates') published by for instance the US. Both methods are discussed extensively in issue 3 of Statistics Netherlands' publication *De Nederlandse conjunctuur, 2000*. An English translation of this article is available. The main differences are as follows.

An 'annual rate' is the seasonally adjusted growth on the previous quarter (see the right-hand column of table 1), that is annualised by raising it to the fourth power in a certain way (for instance by 0.7%: 1.007^4). The figure thus shows what the annual growth would have been if this growth rate applied in all four quarters. 'Annual rates' usually result in larger fluctuations between consecutive quarters and between consecutive estimates of the same quarter. Because of the seasonal adjustment the 'annual rates' are less objective and less comparable between countries.

Like most other European countries, Statistics Netherlands presents quarterly growth on the corresponding period one year previously. The occurrence of incidental factors and working day effects is specified in press releases. An indication of the ultimate growth in a calendar year is provided in the form of cumulative changes of several quarters in respect to the corresponding period one year previously. In order to assess changes in direction or speed of growth, seasonally adjusted changes on the previous quarter are calculated (see the right-hand column of table 1).

For further information on the Quarterly National Accounts, please contact Michiel Vergeer, tel. +31 70 337 40 77, e-mail mvgr@cbs.nl. Other information can be obtained from the Press Office, tel. + 31 70 337 58 16.

Table 1: Gross Domestic Product (market prices)

	<u>Changes on:</u> same period previous year	Previous quarter 1)
<i>volume changes in %</i>		
1998	4.1	--
1999	3.9	--
2000 I-III	4.1	--
1998-I	5.2	1.1
II	3.6	0.7
III	3.7	0.9
IV	3.8	1.0
1999-I	3.2	0.6
II	3.4	1.1
III	3.9	1.3
IV	4.9	1.4
2000-I	4.9	0.7
II	4.1	0.7
III	3.3	0.7

1) Adjusted for seasonal effects and some calendar effects.

Source: Statistics Netherlands

Table 2: GDP value and price changes (market prices)

	Value	Value	Value change	Price change
	<i>bln gld</i>	<i>bln euros</i>	<i>in % of one year previously</i>	
1998	780.5	354.2	6.1	2.0
1999	824.0	373.9	5.6	1.7
1998-I	188.7	85.6	7.8	2.5
II	198.2	90.0	5.7	2.0
III	190.4	86.4	5.9	2.1
IV	203.2	92.2	5.3	1.4
1999-I	197.7	89.7	4.8	1.5
II	208.6	94.6	5.2	1.7
III	200.8	91.1	5.5	1.5
IV	216.9	98.4	6.7	1.8
2000-I	213.1	96.7	7.7	2.7
II	223.8	101.5	7.3	3.1
III	214.2	97.2	6.7	3.3

Source: Statistics Netherlands

Table 3: Supply and disposition of goods and services

	1999				2000		
	I	II	III	IV	I	II	III
	<i>volume changes in %</i>						
Consumption	4.2	4.0	3.6	3.4	4.3	3.2	2.8
o.w. individual	4.5	4.3	3.7	3.4	4.6	3.3	2.9
collective	2.6	2.5	3.0	3.7	2.8	2.9	2.4
o.w. by households	5.1	4.8	4.2	3.7	5.1	3.4	2.9
By government	2.4	2.4	2.3	2.7	2.8	2.9	2.8
Investment in fixed assets	6.3	6.0	5.4	8.0	5.3	7.1	2.5
Changes in stocks 1)	0.0	-1.2	1.6	0.2	0.1	-1.0	0.9
National final expenditure	3.3	3.6	5.2	4.7	4.8	4.4	2.1
Exports of goods and services	4.3	5.1	4.4	8.3	8.8	8.4	9.7
Imports of goods and services	4.6	5.6	6.6	8.4	8.9	9.2	8.2
Gross Domestic Product	3.2	3.4	3.9	4.9	4.9	4.1	3.3

1) As a percentage of GDP at constant prices.

Source: Statistics Netherlands

Table 4: Investment in fixed assets

	1999				2000		
	I	II	III	IV	I	II	III
<i>Volume changes in %</i>							
Investment in fixed assets	6.3	6.0	5.4	8.0	5.3	7.1	2.5
o.w. dwellings	-1.0	2.9	-1.3	3.5	4.9	0.2	0.4
non-residential							
buildings	8.5	12.8	10.4	16.4	9.2	8.1	4.5
civil engineering works	10.3	8.9	11.6	12.0	21.9	12.3	-2.8
transport equipment	22.0	24.4	7.2	-5.2	2.0	6.1	5.0
machinery and equip-							
ment	-2.8	-11.5	0.6	18.4	2.0	15.5	3.6
computers	20.5	15.2	10.3	5.7	-12.8	14.9	3.5

Source: Statistics Netherlands**Table 5: Value added of producers (gross, basic prices)**

Producers of:	1999				2000		
	I	II	III	IV	I	II	III
<i>volume changes in %</i>							
Goods	1.3	2.0	4.6	5.5	4.9	4.0	1.5
o.w. Manufacturing							
industry	-0.1	1.7	3.2	7.3	5.8	5.0	2.4
Construction	4.1	6.0	3.9	8.8	7.3	5.3	0.6
Commercial services	5.0	4.9	4.7	6.2	5.8	5.2	4.9
o.w. Trade, hotels, restau-							
rants and repair	4.0	3.1	3.9	6.1	4.7	4.6	3.0
Transport, storage							
and communication	7.6	8.0	7.8	10.2	8.2	8.2	8.4
Financial and							
business services	4.9	5.0	4.3	5.1	5.7	4.7	4.9
Non-commercial services	1.5	1.4	2.0	1.8	2.5	2.4	2.6

Source: Statistics Netherlands