



Press release

Statistics Netherlands

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Fall in economic growth

Economic growth in the first quarter of 2001 on the corresponding quarter last year was 2.0%. This is the lowest growth rate in the last five years, and also substantially lower than the 3.9% for the whole of last year. Both domestic spending and exports are slowing down economic growth. The price increase of GDP has risen strongly, by more than 5% according to provisional estimates in Statistics Netherlands' quarterly accounts.

Strong increase in GDP deflator

The price increase for GDP was 5.2% in the first quarter of 2001, a considerable acceleration with respect to the 3.6% of the fourth quarter last year. The last time that price increases of more than 5% were measured was in the beginning of the eighties. In 2000 the average price increase was 3.2%. In addition to price changes in consumption and investment, the GDP price increase - or GDP deflator - also comprises the changes in the terms of exchange. This is the difference between the developments in export and import prices.

The increase in consumer prices grew considerably in the first quarter. Moreover, export prices rose by more than import prices. The acceleration in consumer prices was partly caused by the increase in the rate of VAT on 1 January 2001 and by a surge in food prices in the first quarter.

Slower growth in all sectors

Growth rates were down across all sectors of industry. Even in commercial services, until recently the driving force behind the thriving economy, growth has slowed down across the board. The increase in construction output is also coming to a standstill. Only in non-commercial services has growth hardly changed.

Production growth in the first quarter was affected by the fact that this quarter had one working day fewer than the same quarter last year. After seasonal adjustment, the quarter-on quarter volume growth of GDP was 0.1%. This is clearly lower than in the last four quarters, when it was between 0.6 and 0.9%.

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Household consumption down

With respect to expenditure, household spending was down from an average 3.9% in 2000 to 2.0% in the first quarter of 2001. The growth of spending on food did rise, but spending on durable goods dropped sharply. A large part of this was caused by the relatively high car sales in the fourth quarter of last year. Buying by consumers in anticipation of the rise in VAT was very probably a reason for this. If car sales are excluded, household spending increased by 1.5%. Although then too, the volume increase is smaller than in previous quarters.

There is no visible positive effect of the recent reductions in direct tax rates on consumption growth in the first two quarters of 2001. On the other hand the increase in VAT is reflected in price increases of consumption and investment. Consumption growth might have been dampened by the ebbing away or turnaround of the positive effects of the increase in capital in recent years, (e.g. as a consequence of recent falls in share prices).

Exports surplus increasing

The volume increase of exports has slowed down from just over 9% in 2000 to 6.6% in the first quarter of 2001. Import growth is also declining. The growth in imports is slightly smaller than that of exports at 6.4%. Part of this growth is the result of the rapidly increasing significance of re-exports. If these re-exports are excluded, the growth rates drop by 3 per cent points. As both the volume and the price increase for exports were higher than those for imports, the positive balance of trade increased.

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