



Press release

Statistics Netherlands

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First quarter economic growth rate at 1.6%

The growth rate of the Dutch economy in the first quarter of 2001 compared to a year ago came to 1.6%. This means a downward adjustment of the preliminary estimate in May, which predicted a 2.0% growth rate. The new growth rate figure is the lowest since the fourth quarter of 1993. The growth rate is slowing down in domestic expenditure and in exports. The GDP price increase exceeded the 5% range, according to the quarterly accounts published by Statistics Netherlands.

Downward trend in GDP growth rate

The quarter-on-quarter growth rate is still positive (0.4%), but the trend in the previous quarters has been downward. A year ago the trend was still more than twice as high. GDP growth rate in the first quarter of 2001 was negatively influenced by the fact that this quarter had one working day less than the first quarter a year ago. After corrections for the calendar and seasonal effect the quarter-on-quarter GDP volume growth was slightly negative (-0.3%), especially because the GDP level during the fourth quarter of 2000 was relatively high, due to incidental factors.

Growth rate widely slowing down

Throughout industry production is not growing as fast as in previous quarters. The producers of goods hardly showed any growth at all. This is the resultant of limited growth in the manufacturing industry, a slowdown in construction, and a slump in agriculture. Commercial services, until recently the motor behind the high growth rates, now has a significant slowdown in its growth. This mainly applies to financial and business services. The only sector in which the growth rates remained virtually unchanged is non-commercial services.

Less expenditure on durable consumer goods

On the expenditure side of the Dutch economy there is a clear slump in household consumption, going from an average growth rate of 3.9 % in 2000 to 1.4 % in the first quarter of 2001. Expenditure on consumer durables in the first quarter was even lower than a year ago. The major cut in the sales of cars is quite remarkable. This is mainly due to the

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relatively high volume of car sales in the fourth quarter last year, in anticipation of the raise in VAT. When car sales are excluded, the growth rate in household consumption in the first quarter is nearly 3%. Consumption growth in services is also slowing down considerably, mainly due to a fall in demand for banking and insurance services.

Investment growth at virtual standstill

After a long period of significant growth, the investment in means of production (fixed capital formation) was hardly showing any growth at all in the first quarter. Investments in housing are also slowing down, in line with the drop in building permits issued. The modest increase in other construction projects, such as the development of infrastructure cannot compensate this. The investments in machinery and computers are in the plus, on balance. The drop in investments in means of transport both concerns cars and commercial vehicles alike.

Exports and imports not growing as fast

The volume increase in exports slowed down from 9.1% in 2000 to 6.6% in the first quarter of 2001. The exports at the end of the quarter suffered from the outbreak of contagious cattle diseases. The volume increase in imports keeps pace with the volume increase in exports. Part of the growth percentages comes from the rapidly increasing importance of re-exports. When re-exports are not included, the import and export growth percentages are down about 3%. Because the price increases in exports are higher than the price increases in imports, the trade balance for goods is on the rise.

Substantially higher GDP price increases

The price increases in GDP during the first quarter of 2001 stands at 5.4 %. This is a considerably higher than the 3.6 % in the fourth quarter of 2000. GDP price increases in the 5+% range were last observed in the early eighties. In the first quarter prices in consumption rose by more than 4%. The price increase in investments (fixed capital formation) is also approaching this percentage. The fast rise in prices in consumption and investments are related to the higher VAT rate that came into effect on 1 January 2001. Apart from this there is an impulse for the GDP price rise in the exchange rate with export prices increasing by 2% more than import prices.

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Table 1: GDP (market prices): volume increase

	Original	Seasonally corrected	Trend
	<i>Changes on:</i>		
	Same period	preceding period	Preceding period
	previous year		
	<i>Volume changes in %</i>		
1999	3.9	--	--
2000	3.9	--	--
1999-I	3.2	0.7	0.8
II	3.4	1.0	1.0
III	3.9	1.3	1.3
IV	4.9	1.3	1.3
2000-I	4.9	0.9	1.0
II	4.3	0.7	0.7
III	3.5	0.6	0.6
IV	2.8	0.8	0.4
2001-I	1.6	-0.3	0.4

Source: Statistics Netherlands

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

	value	value	Value change	Price change
	<i>Billion guilders</i>	<i>billion euro</i>	<i>in % on the previous year</i>	
1999	824.0	373.9	5.6	1.7
2000	882.7	400.6	7.1	3.2
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	213.2	96.7	7.8	2.8
II	224.1	101.7	7.5	3.0
III	214.4	97.3	6.8	3.2
IV	231.0	104.8	6.5	3.6
2001-I	228.4	103.6	7.1	5.4

Source: Statistics Netherlands