



Press release

Statistics Netherlands

PR02-029
8 February 2002
9.30 hrs

Inflation falls to 4.0 percent in January

The rate of inflation in the Netherlands fell to 4.0 percent in January 2002, 0.4 of a percent point down on December 2001. The effect of a number of tax increases on inflation in 2001 is no longer reflected in the figures for 2002, reducing the rate by 0.9 of a percent point. Other developments pushed inflation up by 0.5 of a percent point.

Push and pull effect

Inflation was high in the Netherlands throughout 2001. One of the reasons for this was the increase in the rates of VAT and ecotax in January 2001. Because these no longer have an effect this year, inflation fell by 0.9 of a percent point; however, price developments for a number of articles pushed up inflation by 0.5 of a percent point. Price increases for fresh vegetables, motor fuels, flowers and plants and in the hotel and restaurant sector in particular contributed to inflation.

An article published today on Statistics Netherlands' website examines the components of inflation in January 2002 and whether there is a quantifiable separate effect on inflation of the introduction of the euro.

Prices in January 0.8 percent higher than in December

Prices rose by an average 0.8 percent between December 2001 and January 2002. Apart from the increase from December 2000 to January 2001, when the VAT increase came into effect and prices increased by 1.1 percent, such a large jump from December to January has not been observed since 1973/1974.

Consumers had to pay 25 percent more for fresh vegetables in January than in December. This is quite an exceptional increase, and was partly caused by disappointing crops in southern Europe. Fresh fruit cost about seven percent more. Other significant increases were reported for gas, motor fuels, flowers and plants, cable television and in the hotel and restaurant sector. Consumption-related taxes such as property tax, and sewage and refuse collection rates were also higher.

Clothing and footwear were cheaper in January, although the decrease was smaller than in January last year. Road tax rates were also lower.

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Derived consumer price index

Inflation in terms of the derived consumer price index for low-income employee households was also 4.0 percent in January 2002, 0.5 of a percent point up on December. This index is often used to adjust tariffs of public services, wage negotiations and other contracts. The effect of government measures on inflation was on balance zero. In 2001 the derived index was constantly about 1 percent point below inflation.

Inflation according to the European norm

Statistics Netherlands not only compiles the national consumer price index, but also the European harmonised consumer price index for the Netherlands (HICP). This index is used for the inflation rate of the Eurozone which is an official guideline for the monetary policy of the European Central Bank.

In January, inflation in the Netherlands according to the HICP was 4.9 percent, 0.2 of a percent point lower than in December. Eurostat, the statistical office of the European Union, expects inflation in the Eurozone to be 2.5 percent in January, 0.4 of a percent point higher than in December. The contradictory directions of the two inflation figures is probably caused by the removal of the effect of the VAT increase in the Netherlands.

In December, inflation in the Eurozone was 2.1 percent on average, and the Netherlands had the highest rate in the European Union.

Eurostat will publish January rates for all individual EU countries on 28 February.

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