



Press release

Statistics Netherlands

PR01-053
9 March 2001
9.30 hrs

Inflation rises to 4.5% in February

The Dutch rate of inflation increased further in February. Consumer prices were on average 4.5% higher in February this year than in February 2000. In January inflation was still only 4.2%, according to figures from Statistics Netherlands. Price rises were reported in a large number of categories.

The harmonised consumer price index for the Netherlands, measured in accordance with European guidelines, rose by 0.4 of a percent point to 4.9%. In January the Netherlands had the highest rate of inflation in the European Union.

Inflation passes last month's record

In February the Dutch inflation rate was 4.5%, up from 4.2% in January. The newest figure is the highest since December 1991. However, the factors underlying inflation have changed dramatically in recent months.

In the course of 2000 inflation was mainly caused by increases in the prices of energy products. For quite some time, the sharp increases in prices of motor fuels, gas and electricity accounted for about half of inflation. In turn energy prices were pushed up in 2000 by the high prices of crude petroleum on the world market and increases in environmental levies and excise. Other articles underwent more modest price increases. Lastly, inflation in 2000 was tempered by the abolition of the TV licence fee.

More recently, other factors have increasingly contributed to higher rates of inflation. The increase in the general rate of VAT from 17.5 to 19% caused a price increase of just over half a per cent point in January 2001. The effects of this increase in VAT will be reflected in inflation figures until the end of this year. Articles taxed at this rate, with the exception of energy products, cost an average 3.9% more in February this year than one year ago. In January this was still only 3.3%.

Although the low VAT rate (6%) remained unchanged in January, articles taxed at this rate have become considerably more expensive in recent months. In February their prices were on average 4.8% higher than one year previously. Most of these items are foodstuffs. The effects of these food price increases on inflation in 2001 have been intensified, as food prices fell in the beginning of 2000 because of the price wars waging between supermarkets at the time. Part of this effect was caused by price developments for potatoes and fresh vegetables.

Statistics Netherlands
Press Office

P.O. Box 4000
2270 JM Voorburg
The Netherlands
tel. +31 70 337 58 16
fax +31 70 337 59 71
e-mail:
persdienst@cbs.nl

Statistics Netherlands
is a department of
the Ministry of
Economic Affairs

These products were relatively cheap at the beginning of 2000, tempering inflation at the time, but pushing it up again twelve months later.

The direct effect of higher prices of motor fuels on inflation has now run its course. The effect peaked in June 2000 when petrol cost 24% more than twelve months previously. This figure was 5.5% for February 2001. Leaving increases in excise and VAT out of account, motor fuels were 3.7% more expensive than last year. Increases in gas and electricity prices still contribute unabatedly to inflation. As these prices are adjusted to global developments with a delay, the fall in oil prices in the second half of 2000 has not yet had an effect on these prices.

Statistics Netherlands has established that part of the increase in inflation is not accounted for by the above-mentioned effects. One cause could be a time lag of the effects of the VAT increase: for example if shopkeepers who had not adjusted their prices in accordance with the new VAT rate in January, did so as yet in February. Another possibility is a delay of the knock-on effect of the strong increases in energy costs in prices of consumer goods.

Prices 0.7% up in February

On average, consumer prices rose by an average 0.7% between January and February 2001. The largest increase was reported for clothing and footwear; this is quite usual for this time of year. Tobacco and tobacco products were also substantially more expensive, both because of an increase in the basic price and an increase in excise.

Food cost an average 0.6% more in February. Meat prices were 0.7% up and retailed for 6.3% more than last year, while consumers had to pay 2% more for milk products.

Further price increases were reported for furniture, soft furnishings and household appliances, and motor fuels.

Bright spots for consumers were lower prices for fresh vegetables and coffee.

Dutch inflation highest in Europe

In addition to the national consumer price index, Statistics Netherlands also calculates the European harmonised consumer price index for the Netherlands. This index is a component of the Eurozone inflation rate, the official guideline for the monetary policy of the European Central Bank.

In February 2001 inflation according to this European measure rose to 4.9% for the Netherlands. In January it was 4.5%, the highest rate in the European Union. In January average inflation in the Eurozone was 2.4%.

The February figures for the Eurozone and for all the countries in the European Union will be published by Eurostat on 16 March.

Derived consumer price index

The derived index for employee households in the low income bracket was 3.5% higher on average in February than in February 2000. For January this was still only 3.2%. This index is used to adjust government tariff rates, in collective agreement procedures and for other legal contracts.

For further information, please contact J. Walschots, tel. + 31 70 337 55 11; e-mail: jwas@cbs.nl.