



Press release

Statistics Netherlands

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Economic growth remains low in second quarter

In the second quarter of 2001, the Dutch economy was 1.5% higher than in the same period of the previous year. The direct effects of the foot-and-mouth outbreak slowed down economic growth by 0.3 percentage points. Growth in the second quarter practically equals that in the first three months of this year. For the first half year, too, the growth rate was 1.5%. This is less than half the average increase of last year (3.5%). For the first time since the fourth quarter of 1999, the price increase of the Gross Domestic Product (GDP) did not accelerate further.

Quarter-on-quarter growth slightly positive

After adjusting for calendar and seasonal effects, quarter-on-quarter growth in the second quarter amounted to 0.4%. In the first quarter a slight decrease occurred (-0.2%). This was partly because of the extra high level of GDP in the fourth quarter caused by incidental factors.

Foot-and-mouth disease curbs growth

Growth in the second quarter was slowed down by the implications of foot-and-mouth disease which broke out in the Netherlands on March 21. On June 26 the last restrictions were removed. On the production side of the economy the epidemic mainly had consequences for agriculture and the slaughterhouses. These direct effects can be estimated at about 0.3 of a percentage point of GDP growth. In addition to this, the production of for instance the fodder industry, transport companies and livestock destruction businesses was influenced. These indirect effects are difficult to estimate.

On the expenditure side of the economy, exports and consumption growth in particular were hampered. Imports were slightly positively influenced, because of the higher demand for foreign meat.

Investment growth halted

Investment in machinery and other fixed assets in the second quarter decreased by 2.5% on the same period last year. This was partly caused by the fact that in this quarter in 2001 no incidental, large

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investment projects were completed, such as power plants or large installations. In 2000 this was the case. If these projects are disregarded, investment growth in the second quarter would have been practically nil. The influence on the economy as a whole, however, is limited.

Exports growth lower again

For the third consecutive quarter, the volume growth of Dutch exports was lower than the previous quarter. The Netherlands is therefore also suffering from the international economic slowdown. The increase of consumption expenditure was again low in comparison with recent years. Consumption growth, however, did not slow down further since the previous quarter. Expenditure on consumer durables is showing a slight recovery. The growth rate of consumption of services again levelled off. In the wake of lower expenditure growth, the increase of imports also slowed down.

Lower growth for commercial services in particular

On the production side of the economy growth rates for providers of commercial services levelled off again. In recent years this branch showed the highest growth rates. Since almost half of GDP is produced in this branch, this slowdown has a strong effect on the growth rates of the economy as a whole. Just as in the first quarter, goods manufacturers experienced hardly any growth compared with last year. In agriculture and construction production shrank again. In the manufacturing and energy industries growth remained low. The non-commercial services are the only branch in which growth rates were in line with those of previous years.

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 first estimate for economic growth in the second quarter of 2001. This 'flash estimate' has a preliminary character: figures may be adjusted when new statistical data become available. Starting this year, this estimate is made earlier, because of European agreements. Therefore, the usual margins because of incomplete data are larger than before. On October 18 new estimates on the second quarter will be published, including more detailed data. By then the quarterly figures will also have been aligned with the annual figures from the *National Accounts 2000*.

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 the winter issue of 2000 of Statistics Netherlands' publication *Netherlands Official Statistics*. This publication

can be downloaded in PDF-format from Statistics Netherlands' website (www.cbs.nl). 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 0.8%: 1.008^4). 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 Gert Buiten, tel. +31 70 337 47 78, e-mail gbtn@cbs.nl. Other information can be obtained from the Press Office, tel. (070) 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>		
1999-I	3.2	0.7
II	3.4	1.0
III	3.9	1.3
IV	4.9	1.3
2000-I	4.9	1.0
II	4.3	0.7
III	3.5	0.5
IV	2.8	0.8
2000-I	1.6	-0.2
II	1.5	0.4
2000 I-II	1.5	--

1) Adjusted for seasonal effects and a number of 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 euro</i>	<i>in % of one year previously</i>	
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
II	239.4	108.6	6.8	5.3

Source: Statistics Netherlands

Table 3: Supply and disposition of goods and services

	2000				2001	
	I	II	III	IV	I	II
	<i>volume changes in %</i>					
Consumption	4.4	3.3	3.0	3.9	1.9	2.0
o.w. individual	4.7	3.4	3.1	4.2	1.8	2.0
collective	2.7	2.9	2.4	2.2	2.3	2.1
o.w. by households	5.1	3.5	2.9	4.3	1.4	1.8
By government	3.0	3.1	3.1	3.0	2.8	2.5
Investment in fixed assets	5.4	7.1	2.5	1.1	0.1	-2.5
Changes in stocks 1)	0.1	-0.9	1.2	-0.2	0.1	-0.6
National final expenditure	4.8	4.5	2.4	2.8	1.4	1.3
Exports of goods and services	8.7	9.7	9.5	8.3	6.6	2.6
Imports of goods and services	8.9	10.5	8.2	8.8	6.7	2.4
Gross Domestic Product	4.9	4.3	3.5	2.8	1.6	1.5

1) As a percentage of GDP at constant prices.

Source: Statistics Netherlands

Table 4: Value added of producers (gross, at basic prices)

	2000				2001	
	I	II	III	IV	I	II
<i>volume changes in %</i>						
Producers of						
Goods	4.9	4.2	2.1	1.1	0.0	0.2
Agriculture and fishery	0.7	-1.7	4.6	1.2	-5.8	-6.5
Manufacturing and energy	4.7	4.6	2.1	1.2	0.8	1.4
Construction	7.3	5.4	0.6	0.7	-0.6	-0.7
Commercial services	5.8	5.5	4.9	4.3	2.9	1.8
Trade, hotels and restaurants	5.9	6.3	5.0	3.9	3.4	1.0
Financial and business services	5.7	4.7	4.9	4.7	2.5	2.5
Non-commercial services	2.5	2.4	2.6	2.5	2.6	2.4

Source: Statistics Netherlands**Table 5: Individual consumption by households, 2001**

	2000				2001	
	I	II	III	IV	I	II
<i>volume changes in % on a year earlier</i>						
Food, beverages and tobacco	3.1	2.0	-0.8	-0.5	1.6	-2.1
Durable consumer goods	7.1	1.8	3.6	5.9	-3.3	0.7
Other goods	3.6	2.7	3.4	1.5	2.5	3.4
Services	4.4	4.5	4.2	4.7	2.8	2.4
Domestic Individual Consumption (consumption in the Netherlands)	4.7	3.5	3.4	3.9	1.5	1.7
National Individual consumption (consumption by the Dutch)	4.7	3.4	3.1	4.2	1.8	2.0

Source: Statistics Netherlands