



Statistics Netherlands

Press release

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Dutch economy not growing in the first quarter of 2002

The Dutch economy did not grow in the first quarter of 2002, according to the preliminary estimates of the quarterly Accounts at Statistics Netherlands. The volume of the Gross Domestic product (GDP) is identical to the volume in the first quarter of 2001. It is the lowest growth rate since early 1993. In the course of 2001 economic growth had already been reduced, reaching 0.4% in the fourth quarter.

Both exports and investments were down on a year ago. Household consumption saw a modest increase. Consumption in the public sector is growing relatively fast. The price increase of GDP fell to 2.7%.

No recession, but only just

The quarter-on-quarter growth rate corrected for calendar and seasonal effects in the first quarter was 0.0%. It is the third quarter in a row in which the growth rate on the previous quarter is close to 0.0%. So the Dutch economy is close to but not in recession.

Exports down

The exports of goods and services in the first quarter of 2002 shows a 3.4% drop in volume. This is a continuation of the drop started in the fourth quarter of 2001. Dutch exporters are still suffering the consequences of the fast, worldwide worsening of the economic climate. Also the volume change in the imports of goods and services is negative again (-4.4%).

The drops in imports and exports in the first quarter were mainly caused by a strong decline in re-exports. These are imported goods that leave the Netherlands again without being processed. But during the first quarter fewer Dutch products were exported as well.

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Investments decreasing

Investments, such as fixed capital formation, were down by 1.1% on the first quarter of 2001. The decrease is mainly in investments in computers, trucks and aeroplanes. More investments were made in machinery. However the increase has to be attributed in full to the fact that several major projects, which required a long construction period, were finished.

Investments in infrastructure, often financed by the public sector, increased substantially. The category dwellings and commercial buildings saw a very modest increase.

Modest growth rate in consumption

The volume growth in household consumption in the first quarter of 2002 was 1.3%. This more or less equals the average growth rate during 2001.

The volume growth rate in government consumption was clearly below the 3.4% average of 2001, reaching 2.1% in the first quarter. Both expenditure on health care, on education and on public government increased by less than in 2001.

Production in manufacturing down

Dutch industrial production in the first quarter fell by 2.3%, mainly caused by slower demand from abroad. The biggest drop was in the metal and electrical engineering industries. The best news comes from the chemical industry, which is recovering fast. Production in construction increased by 1.6%, mainly because of investments in infrastructure.

Growth has almost completely disappeared in commercial services. Production in trade, hotels etc, and transport even fell. There is hardly any growth in the financial and business services. Production growth in the non-commercial services such as care and government are above average with 2.1% when compared to the economy as a whole, but slower than the growth rate in 2001.

GDP price increase down substantially

The GDP price increase in the first quarter of 2002 was 2.7%, substantially less than in 2001. In this quarter the upward pressure caused by the higher VAT and Eco tax rates as per 1 January 2001 had disappeared. The main contributor to the GDP-price increases comes from household consumption where price increases amounted to 3.6%. The exchange rate worsened though, export prices fell by more than import prices. This means there was downward pressure on the GDP deflator.

Table 1: Gross Domestic Product (at market prices)

	Changes on:	
	Same period last year	previous period 1)
<i>Volume changes in %</i>		
1999	3.7	--
2000	3.5	--
2001	1.1	--
1999-I	3.1	0.8
II	3.3	1.0
III	3.7	1.2
IV	4.8	1.2
2000-I	4.7	0.8
II	4.0	0.6
III	3.1	0.5
IV	2.2	0.7
2001-I	1.5	0.1
II	1.6	0.3
III	1.0	0.0
IV	0.4	-0.1
2002-I	0.0	0.0

1) corrected for seasonal and calendar effects.

Source: Statistics Netherlands

Table 2: GDP value and price developments (at market prices)

	Value	Value change	Price change
	<i>billion euro</i>	<i>% on a year ago</i>	
1999	373.7	5.5	1.7
2000	401.1	7.3	3.7
2001	424.8	5.9	4.7
1999-I	89.7	4.6	1.5
II	94.8	5.1	1.8
III	90.7	5.4	1.7
IV	98.5	6.7	1.9
2000-I	97.0	8.1	3.3
II	102.1	7.7	3.6
III	97.0	6.9	3.7
IV	105.0	6.6	4.4
2001-I	104.0	7.2	5.6
II	108.7	6.4	4.7
III	102.4	5.6	4.6
IV	109.7	4.5	4.0
2002-I	106.8	2.7	2.7

Source: Statistics Netherlands