



Statistics Netherlands

# Press release

PB02-181  
6 September 2002  
9:30 AM

## ***The Dutch economy 2001***

Today Statistics Netherlands releases *The Dutch economy 2001*. This publication (in Dutch) contains a wide-ranging review and analyses of noteworthy developments in the Dutch economy, linked with trends in environment, housing and demography.

### ***Fast decline of economic growth in 2001***

The Dutch economy has not been able to escape the fast decline in the world economy in 2001. The volume growth of GDP (gross domestic product) was 1.3%, the lowest percentage since 1993. The Netherlands lagged behind the average 1.7% growth in the European Union. Exports, the motor of the economic growth in 2000, only made a modest contribution. Household consumption slowed down considerably, while investments fell for the first time since 1993. Government expenditure, both consumption and investments, grew faster and contributed half of the economic growth in 2001.

### ***Increase in purchasing power at historic high for the working population***

In 2001 purchasing power in the Netherlands improved by 4.4%. This is the highest increase on record for a single year. The reduction of the tax burden created by the new tax system was the main cause. Furthermore wage increases in 2001 sped up. The wage increase, however, barely exceeded the inflation rate. The purchasing power increase was much more widespread than in previous years. Wage earners saw an improvement of more than 5% in general, the recipients of benefits 2.6%. People living on a pension saw an increase of less than 2%. The purchasing power increase did not lead to a major increase in consumption.

### ***Inflation higher since the summer of 2000***

The increase in the consumer price index went from 2.6% in 2000 to 4.5% in 2001. The 4.5% increase is the highest since 1982. It can be broken down into one off price increases caused by government policy (VAT, rent), the effects of harvests and energy on the one hand, and developments of market prices on the other hand. When the one off price increases are not taken into account, the underlying inflation rate remains. This has been increasing fast since the

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summer of 2000.

### ***Emission of CO<sub>2</sub> growing faster than the economy***

The CO<sub>2</sub> emissions by Dutch citizens (including Dutch people abroad) increased by 2.7% in 2001. This means that emissions grew faster than the economy. The main cause was higher domestic electricity production. Emissions from traffic also increased. According to the Kyoto treaty, emission of greenhouse gasses ought to be reduced. In 2001 emissions in the Netherlands were higher than in the reference year 1990.

After a strong decrease in the preceding years manure production increased again in 2001, despite the fact that agricultural production was lower.

### ***Productivity down in 2001***

The stagnation in economic growth was not yet visible in employment during 2001. Employment grew as much as in the year 2000, namely 1.8%. Productivity in the economy as a whole consequently fell by 0.4%. The drop in productivity in the market sector is mainly explained by economic factors. Furthermore, the entrepreneurs continued to fill the vacancies they had due to the tight labour market.

### ***Economically sensitive investments plummeting***

The economic slowdown in 2001 manifested itself first of all in the economically sensitive investments of enterprises in machinery, computers, trucks and software. The exuberant growth of the five years preceding 2001 was followed by negative growth, or, in the case of software, by a major slowdown.