



Press release

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No growth for economy in second quarter

According to the second estimate of Statistics Netherlands' Quarterly Accounts, the volume of the Dutch gross domestic product (GDP) was the same in the second quarter of 2002 as in the same quarter last year. Growth in both the first and second quarters of this year have been adjusted downwards. There has been no economic growth in the first half of 2002.

Both exports and investment are lower than one year previously. Household spending rose by less than 1 percent. Government consumption has grown relatively the most strongly. The growth rate of GDP prices fell to 3.2 percent.

Quarter-on-quarter growth about neutral

After adjustment for calendar and seasonal effects, quarter-on-quarter growth in the second quarter of this year was 0.1 percent. This is the fourth quarter in a row that the economy has not grown or hardly grown at all. The last time growth was so minimal was back in 1992-1993.

The downward adjustment of economic growth in the first six months is based on more and more accurate information. The new figures revealed that production by the manufacturing, construction and trade and repairs industries were lower than previously thought. Exports were also adjusted downwards.

Exports down

Exports of goods and services showed a volume decrease of 2.3 percent in the second quarter. This is the third quarter in a row that exports fell, although the rate of decline is slightly smaller than in previous quarters. The volume of imports fell by a similar rate: 2.5 percent.

The decreases in imports and exports in the first half of the year were mainly caused by a hefty fall in the volume of re-exports, i.e. products imported into the Netherlands and exported again without undergoing further processing (e.g. computers and accessories). Exports of goods produced in the Netherlands fell. In the first quarter, in the second quarter they were at the same level as one year previously.

Investments falling faster and faster

Fixed capital formation was 3.5 percent lower in the second quarter than

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twelve months previously. The decline was largest for goods vehicles, aircraft, computers and dwellings. There was also a noticeable fall in investment in infrastructure, after a turbulent growth in recent years. Slightly more money was put into machines and installations, but that was completely on account of the completion of large installations, already under construction for longer periods.

Very modest growth for consumer spending

At only 0.8 percent in the second quarter of 2002, volume growth in household consumption was even less than the already very modest growth in 2001 and the first quarter of 2002. The growth rates for goods and services hardly differ from each other. Spending on durable goods only just increased. Less was spent on home decoration, household items and clothes; more on means of transport. In the services sector, consumers spent less on eating and drinking out.

The volume growth of government consumption was 2.7 percent in the second quarter of 2002, making this category the fastest grower relatively speaking. Both spending on health care, and on education and public administration contributed to this increase, although the growth rate was lower than in 2001.

Production down most in metal industry

Manufacturing production was again lower in the second quarter than one year ago. The largest decrease was in the metal and electrical engineering industry. The chemical industry, on the other hand, showed a clear recovery in the second quarter. Output growth in construction reversed into a fall of 1.2 percent, mostly because of lower investment spending on infrastructure projects. Agricultural production was hardly any higher than in the second quarter of last year, with all the effects of foot-and-mouth then.

There was no growth at all in commercial services. For the third quarter in succession production by the trade, the hotel and restaurant and the transport sectors was lower than twelve months previously. Financial and business services also failed to grow. At 2.6 percent the growth for non-commercial services such as care and public services has been above average economic growth for one and a half years now.

Smaller GDP price rise

The price increase for GDP in the second quarter was 3.2 percent, considerably less than in 2001. There is no longer the upward effect of the increase in indirect taxes on 1 January 2001. The main contributor to the GDP price increase was the 3.3 percent price increase for household consumption. Opposite this is the effect of a modest deterioration in terms of trade: the price fall for exports was slightly larger than that for imports, which had a downward effect on the GDP deflator.

The price increase for national spending was 3.6 percent in the second quarter. The new cabinet will use this price index as the deflator for collective spending instead of the GDP price increase.

Table 1: Gross Domestic Product (market prices)

	<u>Change on:</u>	
	Same period previous year	Preceding period 1)
	<i>Volume change in %</i>	
1999	4.0	--
2000	3.3	--
2001	1.3	--
1999-I	3.4	1.1
II	3.5	1.0
III	4.0	1.2
IV	5.1	1.2
2000-I	4.5	0.6
II	3.9	0.6
III	2.9	0.5
IV	2.0	0.6
2001-I	1.7	0.2
II	1.7	0.3
III	1.1	0.0
IV	0.6	-0.1
2002-I	-0.1	0.0
II	0.0	0.1

1) corrected for seasonal and calendar effects.

Source: Statistics Netherlands

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

	value	Value change	Price change
	<i>bln euro</i>	<i>in % on previous year</i>	
1999	374.1	5.6	1.6
2000	402.6	7.6	4.2
2001	429.2	6.6	5.3
1999-I	89.6	4.7	1.3
II	94.9	5.3	1.7
III	91.2	5.5	1.5
IV	98.4	6.8	1.7
2000-I	97.1	8.5	3.8
II	102.5	8.0	4.0
III	97.8	7.2	4.2
IV	105.2	6.9	4.8
2001-I	104.8	7.9	6.1
II	109.7	7.1	5.3
III	104.0	6.3	5.2
IV	110.6	5.2	4.6
2002-I	108.2	3.2	3.3
II	113.2	3.1	3.2

Source: Statistics Netherlands

Table 3: Totals for goods and services

	2001	2001			2002	
		II	III	IV	I	II
	<i>Volume change in % on one year previously</i>					
Consumption expenditure	1.8	2.0	1.7	1.9	1.8	1.4
By households	1.2	1.5	1.1	1.3	1.2	0.8
By government	3.1	3.2	2.9	3.1	3.3	2.7
Fixed capital formation	-0.8	-0.8	-1.6	-0.9	-1.7	-3.5
Changes in stock 1)	0.0	-0.6	1.8	-1.6	-0.8	-0.9
National expenditure	1.4	1.4	1.8	0.4	-0.3	-0.1
Exported goods and services	1.7	3.2	1.2	-3.3	-4.7	-2.3
Imported goods and services	1.9	2.8	2.3	-3.9	-5.4	-2.5
Gross domestic product	1.3	1.7	1.1	0.6	-0.1	0.0

1) As a percentage of GDP in constant prices.

Source: Statistics Netherlands

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

Producers of:	2001	2001			2002	
		II	III	IV	I	II
<i>Volume change in % on one year previously</i>						
Goods	1.1	1.6	0.9	0.6	-1.9	-1.7
Agriculture and fishery	-3.4	-3.6	-1.9	-1.1	1.7	0.6
Manufacturing and energy	1.4	2.6	0.6	0.1	-3.0	-2.1
Construction	2.2	0.6	4.3	3.1	1.1	-1.2
Commercial services	1.2	1.7	1.0	-0.1	-0.1	-0.3
Trade, hotels/rest. & transp.	0.7	1.1	0.7	-1.6	-0.9	-0.6
Fin. & business services	1.7	2.3	1.3	1.2	0.6	0.0
Non commercial services	2.1	2.3	1.8	2.0	2.9	2.6

Source: Statistics Netherlands**Table 5: Fixed capital formation**

	2001	2001			2002	
		II	III	IV	I	II
<i>Volume change in % on one year previously</i>						
Fixed capital formation	-0.8	-0.8	-1.6	-0.9	-1.7	-3.5
In: Dwellings	-1.2	0.9	-3.6	-0.2	-2.1	-3.6
Non-residential buildings	4.3	5.3	4.0	3.3	1.5	0.2
Civil engineering works	6.2	5.3	10.4	5.9	8.6	-1.5
Transport equipment	-2.9	-5.0	-5.1	-3.1	-11.1	-14.9
Machines	-5.2	-10.4	-7.1	-3.1	4.1	1.6
Computers	-4.9	-5.0	-5.0	-3.0	-7.8	-6.3

Source: Statistics Netherlands