



# Press release

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## ***Economic growth adjusted slightly upwards***

According to the second estimate of the quarterly national accounts, economic growth in the Netherlands was 0.0 percent in the first quarter of 2003. This is higher than according to the first estimate released in May, which indicated a decrease of 0.3 percent. Quarter-on-quarter growth was -0.1 percent, this decrease, too, is smaller than the previous estimate.

The stabilisation of the volume of the gross domestic product (GDP) is mainly the result of lower fixed capital formation and continuing growth in government consumption. Exports and household consumption increased only modestly.

## ***Zero economic growth in first quarter 2003***

The 0.0 percent economic growth in the first quarter of 2003 is the lowest for ten years. This second estimate is slightly higher than the 0.3 percent fall published in May. The adjustment has been made on the basis of new information. All spending has been adjusted upwards: government consumption and fixed capital formation by most, exports and household consumption to a lesser extent.

## ***Quarter-on-quarter growth slightly negative***

After correction for loss of working hours due to frost and for calendar and seasonal effects, quarter-on quarter growth in the first quarter of 2003 was -0.1 percent. The fourth quarter of 2002 also showed a fall of 0.1 percent. Economic growth in the Netherlands has been hovering around the zero mark since the first half of 2001.

## ***Fixed capital formation down again***

Fixed capital formation dropped sharply again in the first quarter of 2003: it was more than 5 percent lower than twelve months previously. Investment in buildings, infrastructure and equipment was about 10 percent lower. The fall in spending on dwellings and road vehicles was smaller, while more trains, trams and aircraft were completed. The lower investment in construction projects was partly caused by more days being lost because of the cold weather conditions than in the same period last year. Investment in equipment was down this year because in the first quarter last year a very substantial long-term construction project was completed.

### ***Re-exports push up imports and exports***

The volume of exports of goods and services was 1.5 percent higher in the first quarter than in the same quarter last year. Imports were even 2.7 percent up. The increase in re-exports is an important factor in the increase in foreign trade: it was responsible for the entire increase in exports and a large part of the rise in imports. Re-exported products are products imported into the Netherlands and exported again having undergone little or no further processing (for example: computer equipment). Exports of goods actually manufactured in the Netherlands was slightly lower than in the first quarter last year. Imports rose by around 1 percent after correction for re-exports.

### ***Household consumption grows only modestly***

Consumption by households was only 0.4 percent higher in the first quarter of 2003 than in the same quarter last year. This is the smallest increase since 1994. Remarkably, consumers spent 1.4 percent more on goods, and even nearly 2 percent more on durable goods, but spending on services was lower than last year. Consumers economised on eating and drinking out and on travel. The slacker growth in consumption contributed to the unfavourable development in GDP in the first quarter of 2003.

### ***Continuing growth in government consumption***

The volume growth of government consumption was 3.2 percent in the first quarter of 2003. Government consumption is thus still a strong contributor to the Dutch economy. Spending on care in particular is increasing.

### ***Production down in construction and manufacturing***

In the first quarter of 2003 production was down in agriculture and fishery, manufacturing, construction, and financial and business services. The decrease in construction was partly caused by days lost to frosty conditions, but also because fewer orders were received for buildings and infrastructure. Production by the manufacturing industry was also lower: higher production in the chemical sector could not make up for the decreases in nearly all other sectors.

The energy sector increased its production considerably because of the relatively low temperatures in the first quarter. Higher production (2.6 percent) was also reported by non-commercial services such as care and government.

### ***Terms of trade push up price rise GDP***

The price increase of GDP was 3.8 percent in the first quarter of 2003. This is higher than the 3.2 percent in 2002. Price increases for household consumption fell to 2.9 percent. The rise in the GDP price increase was caused by prices of exports (+1.8 percent) rising by more than prices of imports (+0.6 percent).

The price increase for total national expenditure was 3.1 percent. This is used as the deflator for collective spending.

**Table 1: Gross domestic product (market prices)**

	Change on Same period previous year	Preceding period <sup>1)</sup>
<i>Volume changes in %</i>		
<b>1999</b>	4.0	--
<b>2000</b>	3.3	--
<b>2001</b>	1.3	--
<b>2002</b>	0.2	--
<b>1999-I</b>	3.4	1.1
<b>II</b>	3.5	1.0
<b>III</b>	4.0	1.2
<b>IV</b>	5.1	1.2
<b>2000-I</b>	4.5	0.7
<b>II</b>	3.9	0.6
<b>III</b>	2.9	0.5
<b>IV</b>	2.0	0.7
<b>2001-I</b>	1.7	0.3
<b>II</b>	1.7	0.2
<b>III</b>	1.1	-0.1
<b>IV</b>	0.6	-0.0
<b>2002-I</b>	-0.1	0.1
<b>II</b>	0.2	0.2
<b>III</b>	0.7	0.1
<b>IV</b>	0.1	-0.1
<b>2003-I</b>	0.0	-0.1

1) Corrected for seasonal and calendar effects.

**Source: CBS**

**Table 2: Value and price changes of GDP (market prices)**

	Value	Value change	Price change
	<i>bln euro</i>	<i>in % on one year previously</i>	
<b>1999</b>	374.1	5.6	1.6
<b>2000</b>	402.6	7.6	4.2
<b>2001</b>	429.2	6.6	5.3
<b>2002</b>	444.1	3.5	3.2
<b>1999-I</b>	89.6	4.7	1.3
<b>II</b>	94.9	5.3	1.7
<b>III</b>	91.2	5.5	1.5
<b>IV</b>	98.4	6.8	1.7
<b>2000-I</b>	97.1	8.5	3.8
<b>II</b>	102.5	8.0	4.0
<b>III</b>	97.8	7.2	4.2
<b>IV</b>	105.2	6.9	4.8
<b>2001-I</b>	104.8	7.9	6.1
<b>II</b>	109.7	7.1	5.3
<b>III</b>	104.0	6.3	5.2
<b>IV</b>	110.6	5.2	4.6
<b>2002-I</b>	107.9	2.9	3.0
<b>II</b>	113.3	3.3	3.0
<b>III</b>	108.4	4.3	3.4
<b>IV</b>	114.5	3.5	3.3
<b>2003-I</b>	112.0	3.8	3.8

**Source: CBS****Table 3: Goods and services totals**

	2002	2002				2003
		I	II	III	IV	I
<i>Volume changes in % on one year previously</i>						
Consumption expenditure	1.8	1.7	1.9	1.9	1.8	1.3
Of which: by households	0.9	1.3	0.6	0.9	0.8	0.4
by government	3.7	2.7	4.5	3.9	3.8	3.2
Fixed capital formation	-3.7	-1.5	-2.0	-3.7	-7.4	-5.4
Changes in stock 1)	-0.6	-0.9	-1.5	1.0	-1.0	0.0
National expenditure	-0.1	-0.4	0.0	-0.2	0.2	0.7
Exported goods and services	-1.4	-4.6	-1.8	0.1	0.7	1.5
Imported goods and services	-2.1	-5.5	-2.4	-1.6	0.9	2.7
Gross domestic product	0.2	-0.1	0.2	0.7	0.1	0.0

1) As a percentage of GDP in constant prices.

**Source: CBS**

**Table 4: Value added of producers (gross, basic prises)**

	2002	2002				2003
		I	II	III	IV	I
<i>Volume change in % on one year previously</i>						
Producers of:						
Goods	-1.3	-1.7	-1.7	0.4	-2.0	-1.3
Agriculture and fishery	0.8	2.4	0.6	0.7	-0.3	-2.4
Manufacturing and energy	-1.5	-3.1	-2.1	0.5	-0.9	0.6
of which: manufacturing	-1.9	-2.9	-2.1	-0.3	-2.3	-2.1
Construction	-1.8	1.7	-1.5	-0.2	-6.7	-6.4
Commercial services	-0.1	-0.2	-0.1	0.0	-0.2	-0.1
Trade, hotels & restaurants, and transport	-0.3	-1.0	-0.4	0.2	0.2	0.3
Financial and business services	0.0	0.5	0.1	-0.1	-0.6	-0.3
Non-commercial services	3.2	2.7	3.5	3.0	3.5	2.6

**Source: CBS****Table 5: Fixed capital formation**

	2002	2002				2003
		I	II	III	IV	I
<i>Volume changes in % on one year previously</i>						
Fixed capital formation	-3.7	-1.5	-2.0	-3.7	-7.4	-5.4
of which: dwellings	-3.3	-1.7	-4.3	-1.2	-5.4	-2.2
Industrial buildings	-2.4	1.8	-0.6	-3.0	-8.3	-11.7
civil engineering projects	-0.7	8.8	-1.8	-0.5	-6.9	-10.4
transport equipment	-9.5	-11.1	3.6	-13.4	-16.4	6.6
machines	-0.6	4.1	1.5	-1.3	-6.1	-9.7
computers	-8.3	-7.8	-6.3	-8.1	-10.9	2.0

**Source: CBS**