



Press release

PB03-221
12 December 2003
9:30 AM

Companies postpone and cancel investment spending

Manufacturing companies now expect to invest 1 percent less this year than in 2002. They have adjusted their expectations downwards for 2003 and upwards for 2004. Although many investments have been postponed, new figures from Statistics Netherlands also show that many companies have decided to cancel investments altogether.

Manufacturers putting off investment until 2004

Companies have reduced their expectations on investment spending in 2003. Early on in the year they expected to spend 8 percent more on capital goods this year than in 2002. By the autumn this had dropped to minus 1 percent.

Opposite this downward adjustment, companies have upped their expectations for 2004. While in the spring of this year they said they foresaw a drop in investments of 19 percent in 2004, they now expect investment spending to fall by only 8 percent. As the adjustments do not balance out, it seems that companies are not only postponing investment, but that many have also cancelled investment plans altogether. Small manufacturers in particular seem to have decided against investment. Larger companies have mainly delayed their spending until 2004. Many manufacturers say they think it the economic climate is unfavourable for investment spending. This is accompanied by lower capacity utilisation rates, falling producers' confidence and an increasing number of companies going into receivership.

Little optimism for 2004

Just as in the spring survey this year, again many manufacturing companies are cautious in their expectations for 2004. Many oil companies expect to invest more in 2004 than in 2003. Publishers, paper companies and companies in the rubber and synthetics sector are positive about investment spending. Manufacturers in the chemical industry expect investment to fall sharply in 2004.

Mineral extraction doubly depressed

Companies in mineral extraction foresee a decrease in investment spending of 9 percent for both 2003 and 2004. However, these decreases follow a year in which investment spending was relatively high.