



# Press release

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## ***Dutch inflation rate in January higher due to energy prices***

The Dutch inflation rate in January 2005 reached 1.5 percent. In December 2004 the prices were 1.2 percent higher than the year before. The increase is mainly caused by substantially higher gas and electricity rates, according to the consumer price index by Statistics Netherlands.

The Dutch inflation rate according to the European harmonised index reached 1.3 percent in January 2005.

### ***Dutch inflation rate at 1.5 percent***

At 1.5 percent the inflation rate in January 2005 was higher than in 2004, when the annual inflation rate averaged 1.2 percent. Compared to the previous years, however, the inflation rate in January 2005 was lower. Between 1990 and 2003 the average inflation rate was always more than 2 percent.

The increase in the Dutch inflation rate is mainly due to higher gas and electricity rates. This is a direct consequence of the high oil prices paid on the world market in the second half of 2004. Dutch consumers paid 16.8 percent more for gas in January 2005 than the year before, and 8.5 percent more for electricity. The rates for social provisions also increased, mainly in the area of child care.

### ***Price developments in car fuels and vegetables slowed the inflation rate down***

The price development of car fuels and fresh vegetables slowed the inflation rate down. Car fuels were 4.8 percent more expensive in January 2005 than the year before, but in December 2004 it had been 7.4 percent.

Vegetables and potatoes were 5.7 percent cheaper in January than the year before. In December this was 0.4 percent. The total basket of food and non-alcoholic beverages was 3.4 percent cheaper than the year before. In December these products were 3.0 percent cheaper.

### ***Local rates increases less than in 2004***

In 2005 the property tax, sewerage charges and levies on water pollution increased by an average of 4.8 percent on 2004. The refuse collection rates were up by 1.8 percent. In 2004 the average increase of the local rates was higher.

The rates for all consumption-related taxes and government services were 3.8 percent higher in January this year than last year. In December the difference was 5.2 percent

***Inflation rate according to the European calculation method increasing slightly***

The Dutch inflation rate according to the European harmonised index (HICP) reached 1.3 percent in January 2005. This is less than according to the national consumer price index (CPI). The difference can be explained by the way the two methods deal with the cost of living in one's own home and the local rates. Beyond that, the Dutch inflation rate according to the HICP increased less compared to December than according to the CPI. This is because of the differences in dealing with health care.

The Dutch inflation rate according to the HICP was 1.2 percent in December 2004. This meant the Netherlands had the second lowest inflation rate in the Eurozone, after Finland, for the ninth month in a row. The Eurozone inflation rate in December averaged 2.4 percent. Eurostat, the European statistical bureau, expects a 2.1 percent inflation rate in January in the Eurozone.