



Statistics Netherlands

# Press release

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## ***January's inflation at 1.4 percent***

In January 2007, inflation in the Netherlands was 1.4 percent. The rate was higher than in December, when prices were 1.1 percent up on one year previously, as the consumer price index, calculated by Statistics Netherlands shows.

Inflation according to the European harmonised method was 1.0 percent, which is lower than in December.

### ***Inflation rate up***

The increase is mainly caused by the fact that the effects of various substantial price cuts – implemented in January 2006 – have worn off. Abolition of the user component of property tax in January 2006 for instance, pushed down inflation by more than 0.4 percentage points.

Inflation was reduced by the price development of automotive fuels which were 3.8 percent cheaper in January 2007 than in the first month of last year. In December, the difference was 0.8 percent. Price increases in the food sector were also less substantial in January than in December, compared to one year ago.

Another factor which had a lowering effect on inflation was the abolition of the levy imposed to improve the production of electrical energy in a way less harmful to the environment (the so-called MEP levy). The inflation rate was also reduced, because the overall consumption of natural gas diminished.

### ***Calculation method consumer price index changed***

As from 2007, the basket of goods and services which constitutes the basis of the consumer price index has been adjusted to changes in the spending pattern of Dutch consumers. The calculation method was also subject to various changes.

Since January 2007, the premiums for supplementary health insurances have been included in the basket of goods and services. These premiums were raised by 7.3 percent in January. As a result, inflation increased by approximately 0.1 percentage points.

The price for child care services is measured in a different way, compared to last year. In 2006, the parental contribution was measured after deduction of government and employers' subsidies. Since 2007, the gross price charged by the child care centre is taken into account. This has an increasing effect on inflation.

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### ***Inflation according to the European method falls to 1.0 percent***

Dutch inflation according to the European harmonised method (HICP) was 1.0 percent in January, as against 1.7 percent in December.

The decline in inflation according to the HICP was mainly caused by lower prices for automotive fuels, more moderate price increases for energy and health care and a higher government contribution to child care.

A provisional estimate by Eurostat indicates that inflation in the eurozone remained stable in January at 1.9 percent.