



Statistics Netherlands

# Press release

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## ***Dutch economy shrinks by 0.6 percent in fourth quarter of 2008***

- First negative growth for five years
- Exports in particular down
- Investment down, modest growth for consumption
- Nearly 100,000 new jobs

According to Statistics Netherlands' first provisional estimate, the Dutch economy shrank by 0.6 percent in the fourth quarter of 2008 compared with the same quarter in the previous year. This is the first time Dutch economic growth has been negative for more than five years. The downturn was caused mainly by a sharp drop in exports of Dutch manufactured products. Investment spending was down slightly. Consumption showed a modest and slightly slower growth. Employment growth, on the other hand, was hardly down on the third quarter, with nearly 100 thousand new jobs.

### ***Quarter-on-quarter shrinkage 0.9 percent***

Compared with the previous quarter, the Dutch economy shrank by 0.9 percent in the fourth quarter of 2008 after adjustment for working day and seasonal effects. This quarter-on-quarter shrinkage is the largest since the beginning of the 1980s. Because of the strong decline in the fourth quarter, both preceding quarters now also show a slight decline. According to the often used definition of economic recession - two successive quarters with negative economic growth - the Dutch economy is now in recession.

### ***Economic growth in first three quarters adjusted upwards***

Economic growth in the first three quarters of 2008 has been adjusted upwards, by 0.3 percent for the first and second quarters, and by 0.1 percent for the third quarter. The main reasons for the adjustment were higher estimates for care expenditure, including childcare. In addition household consumption is also estimated to be slightly higher.

### ***Growth in 2008***

Dutch economic growth for the whole of 2008 was 2.0 percent. This is clearly down on the prosperous years 2006 and 2007, but is close to the growth rates in 2001, 2004 and 2005. Employment growth is at the same level as in 2006, but less than in 2007.

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### ***Exports of Dutch products fall sharply***

The volume of exports of goods and services was 1.9 percent lower in the fourth quarter of 2008 compared with the same quarter in 2007. Exports of products manufactured in the Netherlands were considerably lower. Re-exports rose only slightly, exports of services did grow substantially. Imports of goods and services were 1.0 percent higher than twelve months previously. Part of these ended up in stock supplies.

### ***Slight growth for household consumption***

Households spent 0.7 percent more in the fourth quarter than twelve months previously. There was a slight decrease in purchases of durable goods, mainly because car sales were down. Spending in hotels and restaurants was also substantially down. The volume of government consumption was 1.2 percent higher in the fourth quarter than twelve months previously. Real expenditure on care, which includes childcare, increased, spending on public administration hardly rose at all.

### ***Investment spending down slightly***

Investment spending was 0.3 percent down in the fourth quarter. Investment in residential property fell slightly as a result of a substantial decrease in housing market transactions for existing dwellings. Investment in machines and civil-engineering projects was also slightly lower. Investment in company buildings and computers did rise, however.

### ***Lower production in manufacturing, transport, and hotels and restaurants***

The manufacturing industry suffered mainly from the decrease in exports. Production fell by 6.5 percent compared with the fourth quarter of 2007. Production was also down substantially in the transport and the hotels and restaurants sectors. Mineral extraction decreased as a result of lower natural gas exports. Construction output increased as work was still being done on projects already commissioned. Financial and business services grew by less than in previous quarters, and production in the temp agency sector even decreased. The care sector showed the fastest growth in the fourth quarter.

### ***Employment growth more sluggish***

There were 95 thousand more jobs for employees more in the fourth quarter of 2008 than in the same quarter in 2007. This 1.2 percent growth was slightly down on the growth rate in the third quarter. After correction for seasonal effects, the number of employee jobs in the fourth quarter was 0.4 percent higher than in the third quarter of 2008. The combination of decreasing production and still increasing employment shows how employment has a delayed reaction to developments in production. There was a strong drop in the number of job vacancies in the fourth quarter.