



Statistics Netherlands

Press release

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Dutch economy shrinks by 5.1 percent in second quarter 2009

- Larger decrease than in first quarter
- Investment falls further, drop in exports remains substantial
- Households spending more cautiously
- Jobs down substantially

According to the first provisional estimate by Statistics Netherlands, the Dutch economy shrank by 5.1 percent in the second quarter of 2009 compared with the same quarter last year. This decrease is slightly larger than the fall in the first quarter, which itself was the largest decrease since the Second World War. The second quarter had one working day fewer than in 2008. Investment spending fell by most, but exports were also more than 10 percent down on twelve months previously. Households spent less than last year. Government spending was the only category to increase. The number of jobs was 90 thousand lower than twelve months ago, and - after correction for seasonal effects – substantially down on the first quarter.

Quarter-on-quarter decrease falls to 0.9 percent

After adjustment for working day and seasonal effects, the Dutch economy shrank by 0.9 percent in the second quarter compared with the first quarter of 2009. This is the fifth quarter in succession with negative quarter-on-quarter growth. It is the first time that Statistics Netherlands has measured such a long period of negative growth. The quarter-on-quarter decrease is still smaller than the sharp drop of 2.7 percent in the first quarter.

Exports down sharply, but by less than in first quarter

The volume of exports of goods and services was 10.9 percent lower than in the same quarter last year. This is a sharp drop, but not as large as that in the first quarter, both for exports of Dutch products and for re-exports. Imports of goods and services were just over 10 percent down on twelve months previously. Imports of durable consumer goods and capital goods in particular were down.

Investment spending plummets

Investment spending was 12.9 percent down in the second quarter on the same quarter last year. Company investment in machines and company cars

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fell by most. Investment in homes and company buildings was also substantially lower, as developers are more reluctant to start work on projects for which a permit has been granted. In addition, the strong decrease in housing market transactions has contributed to lower investment in dwellings. Companies also bought fewer computers. Investment in infrastructure did increase; these projects are often commissioned by the government.

Household consumption down

Households spent 2.6 percent less in the second quarter than in the same quarter last year. This decrease is at around the same level as in the first quarter. Consumers spent less on durable goods in particular. The largest decrease was for spending on new cars, but households also spent considerably less on home furnishing and consumer electronics. In the services category, consumers spent less in hotels and restaurants, and on air travel.

The volume of government consumption was 2.8 percent higher in the second quarter than twelve months previously. Again, government consumption is the only growth category. Real spending on care in particular, but also spending on public administration rose.

Construction and production of natural gas now also down

The economic recession is affecting more and more sectors of industry. In the sectors already hit hard by the downturn, such as manufacturing, transport, trade, and hotels and restaurants, production levels were again far below the levels of twelve months ago. Building contractors are now also facing lower production as orders for new construction of residential and non-residential properties are declining. Natural gas production was also down as a result of the mild spring and decreasing demand from manufacturing. Only in the collective sector did production increase noticeably, mainly in the care sector.

Much fewer jobs

In the second quarter of 2009 there were 93 thousand fewer jobs for employees than in the same quarter in 2008. This 1.2 percent decrease is a clear turning point after the recent years of job growth. The effects of the recession are now being felt sharply in employment. After correction for seasonal effects, the number of jobs in the second quarter was 1.0 percent lower than in the first quarter of 2009. This is the largest quarter-on-quarter decrease ever measured. The number of temp agency jobs in particular fell.