



Statistics Netherlands

Macroeconomic Imbalances Factsheet

Introduction

Since the outbreak of the credit crunch crisis in 2008, and the subsequent European debt crisis, it has become clear that there are large macroeconomic imbalances in Europe. Therefore, the European Union has formulated the so called Macroeconomic Imbalance Procedure. By means of a scoreboard the European Commission judges whether there are (potential) imbalances within the member state's economies.

If the Commission detects imbalances, it can analyse the economic developments in the country concerned. Furthermore, the Commission can request the country to establish an action plan. If the action plan is not satisfactory twice in a row, or if the country does not execute the plan, the Commission could impose a fine.

The scoreboard consists of eleven indicators, which are shown in the table below. The table also shows the lower and upper limits per indicator.

Indicator	Threshold	Upper limit	Netherlands, 2012
Current account balance, % GDP, three year average	-4	+6	8.8
Net international investment position, % GDP	-35	none	46.8
Real effective exchange rate, three year % change	-5	+5	-6.0
Share of world exports, % change compared to five years previously	-6	None	-12.0
Nominal unit labour costs, % change compared to three years previously	none	+9	3.3
Deflated house prices, % change compared to one year previously	none	+6	-8.7
Private credit flow, % of GDP	none	+14	0.2
Private debt, % of GDP	none	+133	219.3
General government gross debt, % of GDP	none	+60	71.3
Unemployment rate, international definition, three year average	none	+10	4.7
Total financial sector liabilities, % change compared to one year previously	none	+16.5	4.9

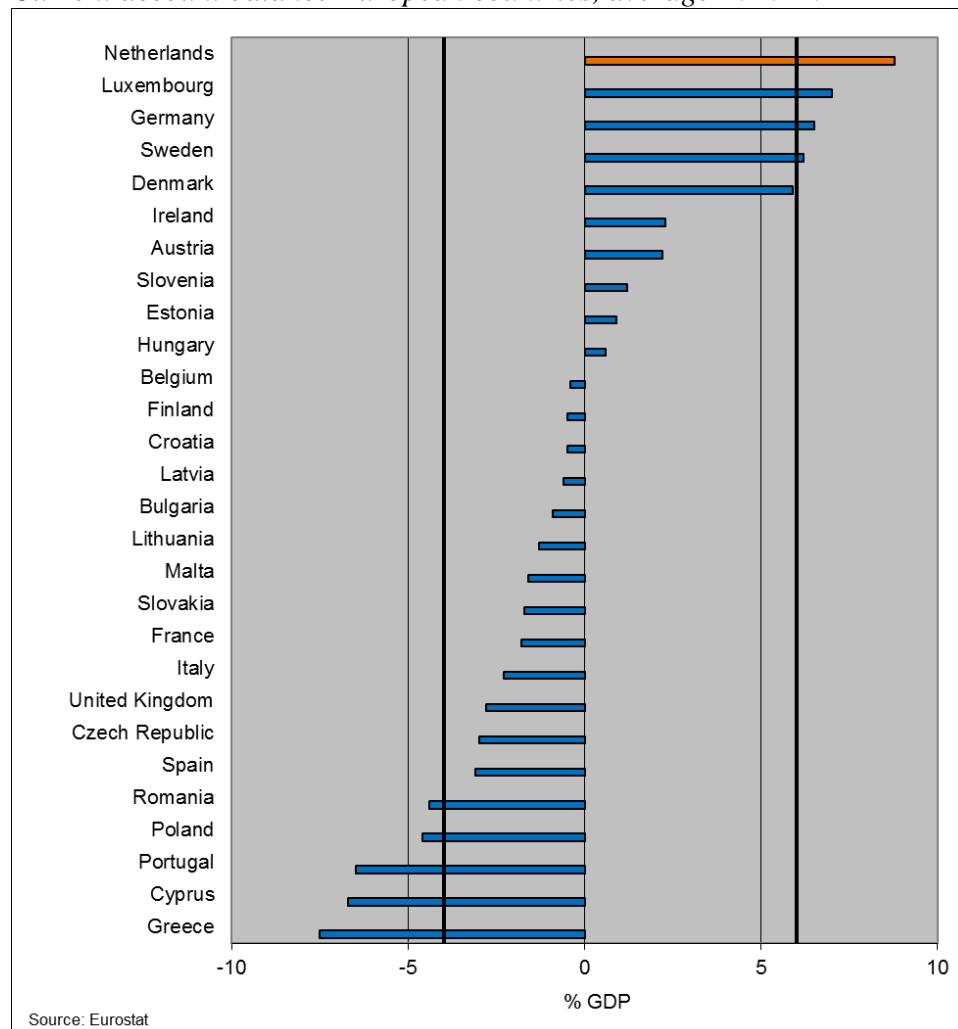


This file provides an overview of the background and the development of each indicator. Yearly figures are shown in this overview. The file is updated twice a year. At that moment, the most recent yearly available figures are used. The last update has been published on 9 December 2013. The most recent figures of the eleven scoreboard indicators can be found on [StatLine](#), theme Macroeconomics.

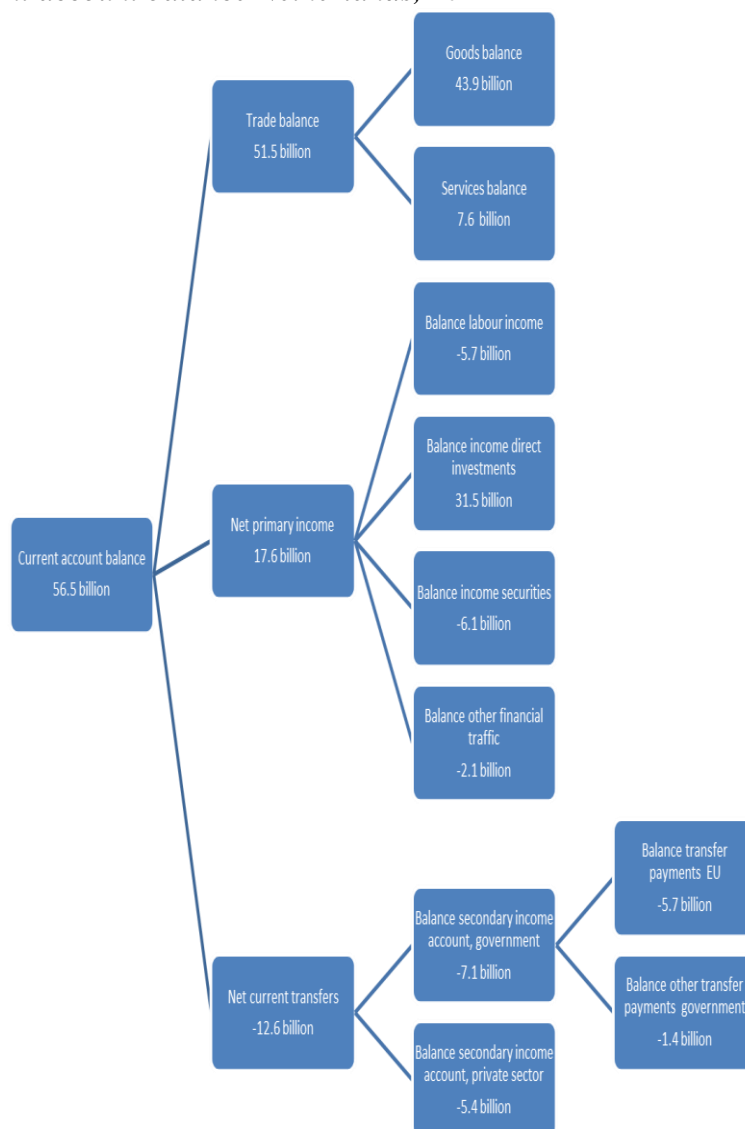
More information on the Macroeconomic Imbalance procedure can be found on Eurostat's [website](#).

Current account balance

Current account balance European countries, average 2010-2012

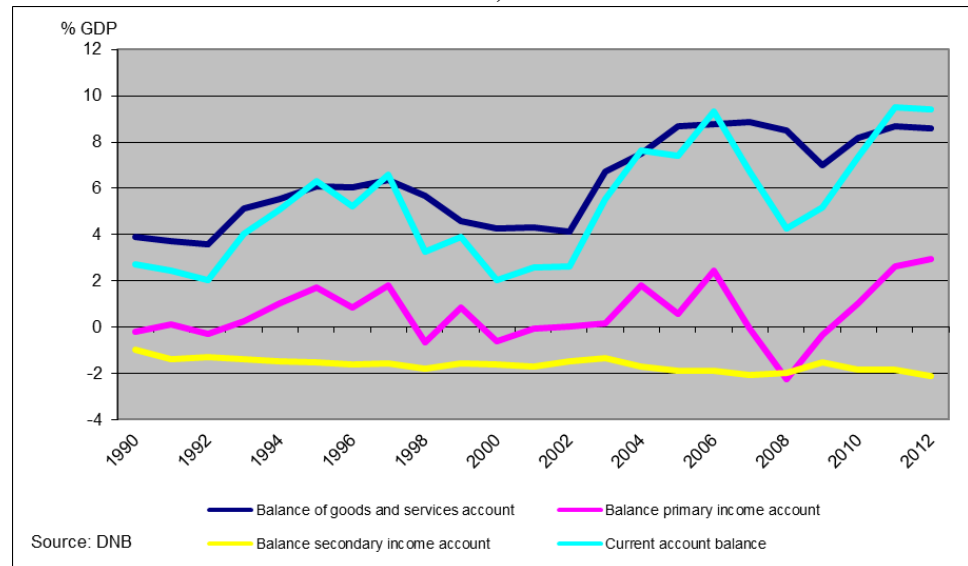


Current account balance Netherlands, 2012



Source: DNB

Current account balance Netherlands, 1988-2012



What is the current account balance?

The current account balance shows a country's income minus its spendings. The current account balance consists of the trade account, the net primary income and the net current transfers. The trade account shows the net exports of goods and services. On the primary income account, cross border income is registered which is not related to exports and imports, e.g. wages, interest payments and earnings, and dividends. The net current transfers consist of income transfers, like development aid and income transfers from and to the European Union.

For more information: see Eurostat's [website](#).

Upper and lower limits

The European Commission imposed both a lower and an upper limit for the current account balance. The lower limit is -4 percent of GDP, the upper limit +6 percent. The European Commission monitors the three year moving average.

Recent developments

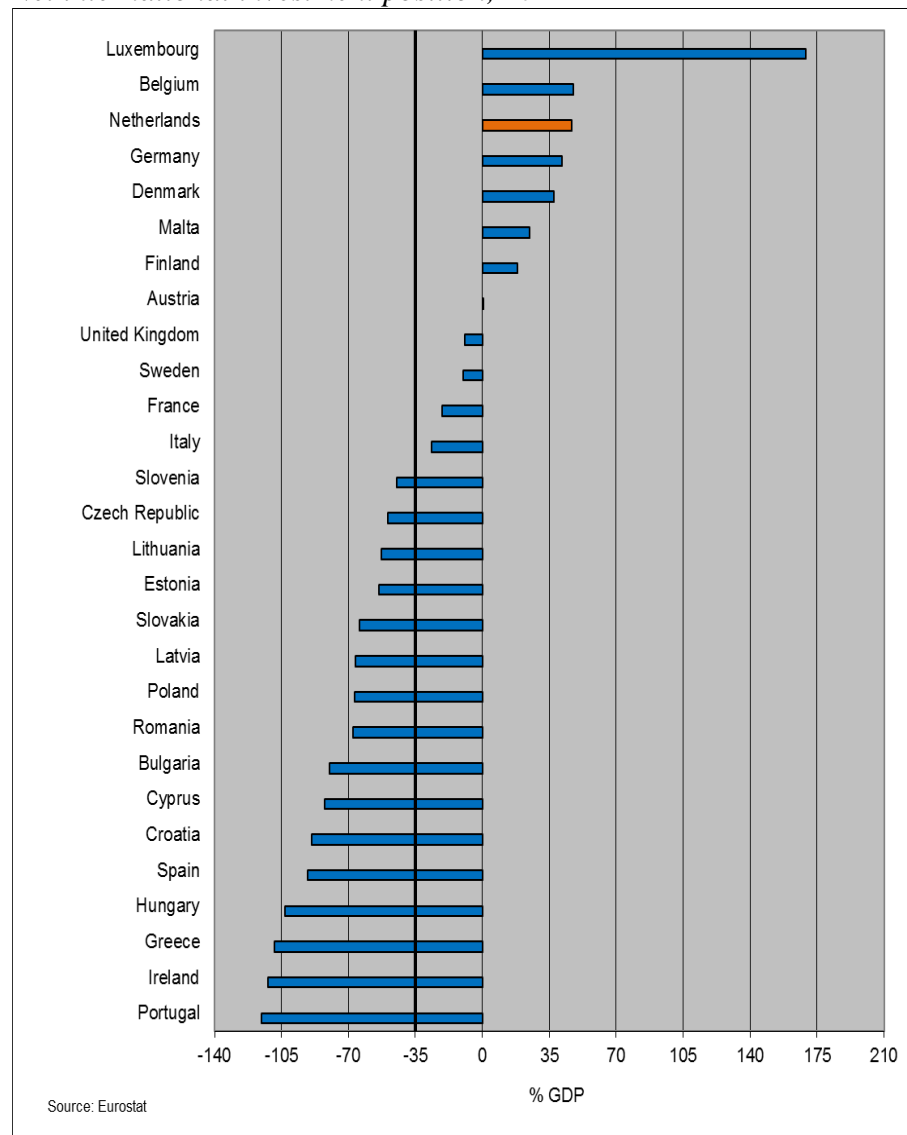
The Netherlands has had a surplus on the current account for more than thirty years, mainly due to the surplus on the trade account. There has been a deficit on the secondary income account for decades. Net primary income was positive in some years and negative in others.

The three year average has been above the upper limit since 2010.

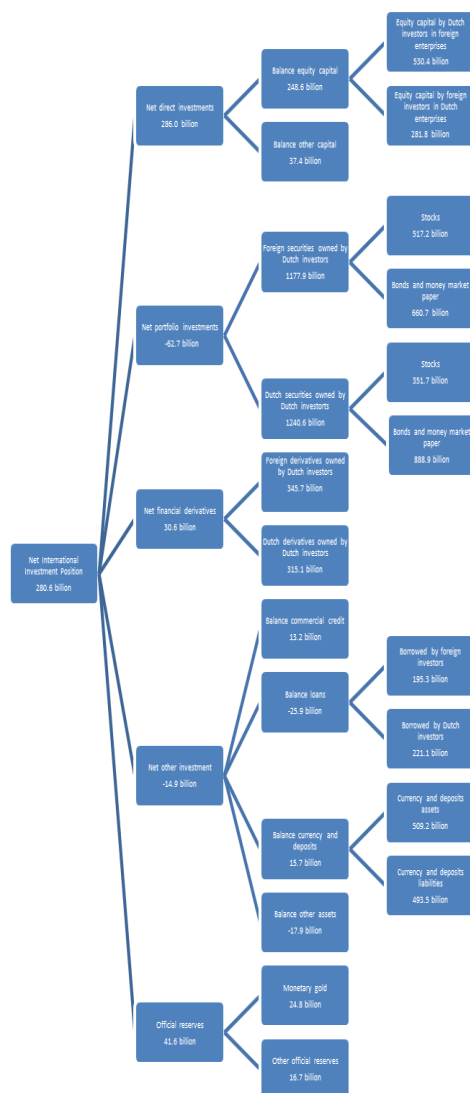
More figures can be found in [StatLine](#), theme Macroeconomics.

Net international investment position

Net international investment position, 2012

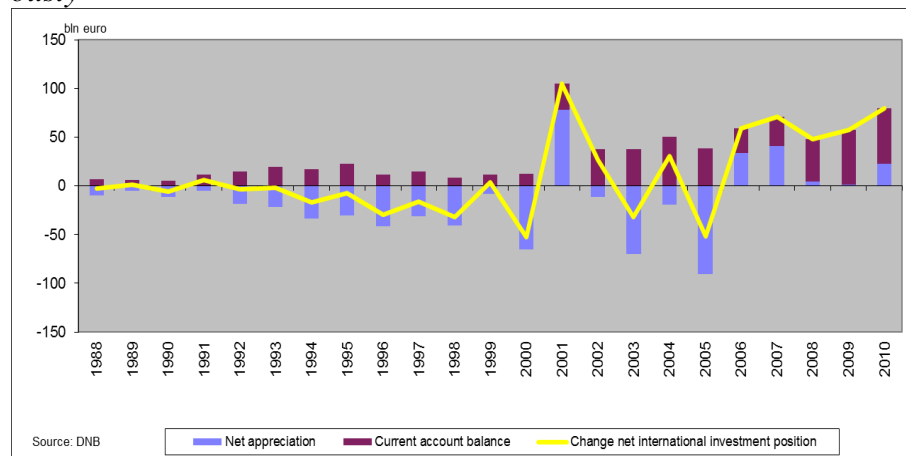


Structure net international investment position Netherlands, 2012

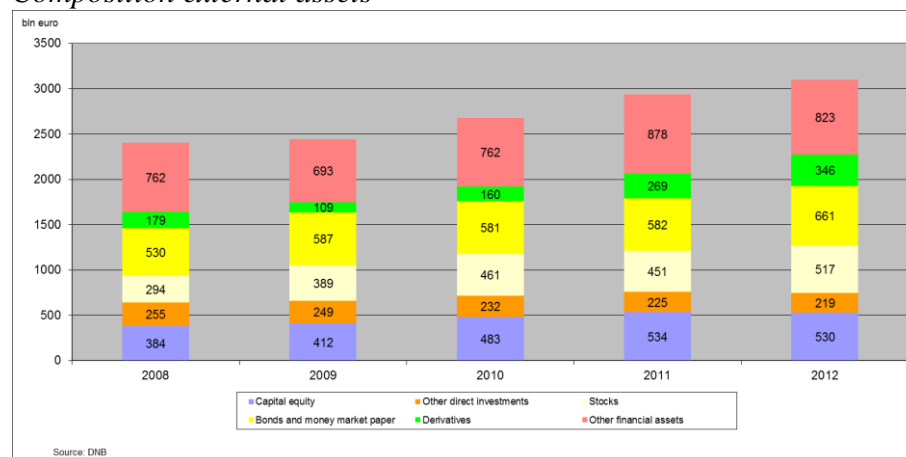


Source: DNB

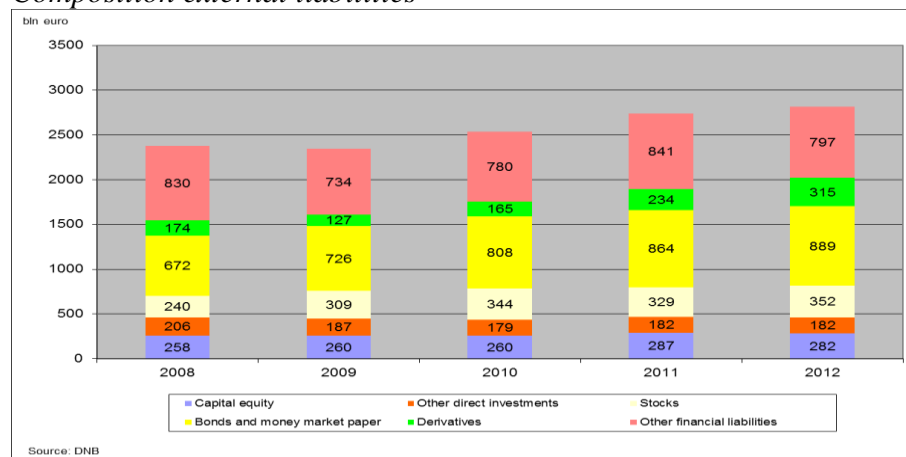
Growth net international investment position compared to one year previously



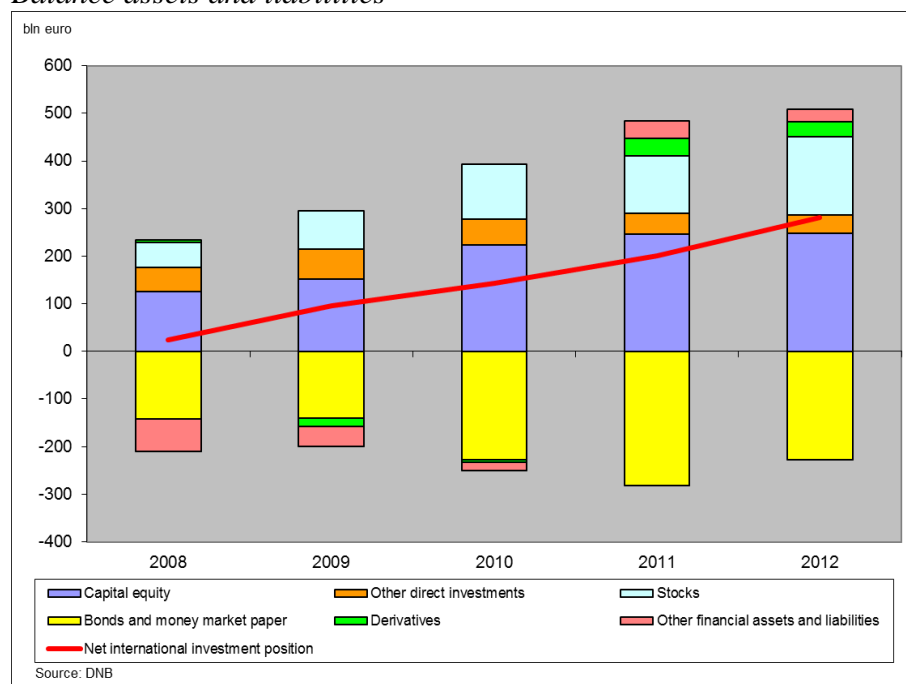
Composition external assets



Composition external liabilities



Balance assets and liabilities



What is the net international investment position?

The net international investment position is calculated as the sum of all foreign claims minus the sum of all foreign liabilities. The net international investment position consists of the net direct investments (particularly foreign participations), net portfolio investment, net derivatives, net other investment and the official reserves.

Direct investments are usually transactions which can be linked to Dutch companies obtaining participations in foreign companies, or the other way around. It could be about a takeover of a consisting company, or about establishing new production locations. The main difference between direct investments and buying stocks is, that in the case of direct investments, the company actively participates in another company and has a substantial control over the other company's policies. Most transactions between a mother company and a foreign subsidiary company (e.g. intra company loans) are also recorded as a direct investment.

The net portfolio investments show the value of foreign stocks, bonds and commercial paper owned by Dutch companies, individuals and the Dutch government minus the value of Dutch securities owned by foreigners.

Net financial derivatives show the value of foreign derivatives owned by Dutch nationals minues the value of Dutch derivatives owned by foreign individuals, companies and institutions. Financial derivatives are investment instruments which value is derived from the value of other securities or commodities, like stocks or crude oil. The most important derivatives are options, swaps, forwards and futures.

The other net investments include loans and commercial credit. The official reserves mainly consist of monetary gold and foreign exchanges of the Dutch central bank.

More information on the net international investment position can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission imposed only a lower limit for the net international investment position (-35 percent of GDP).

Recent developments

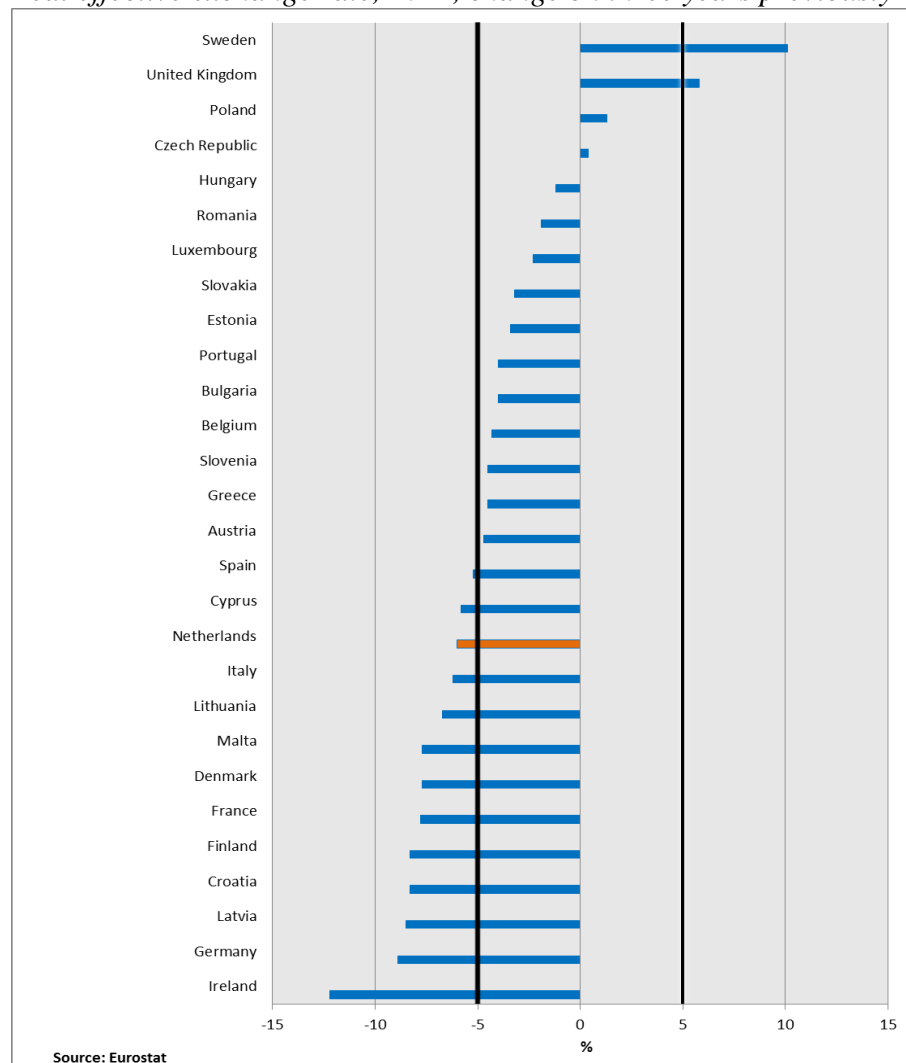
In 2007, the net international investment position was still negative, but in the years after, the investment position increased substantially. In 2012, the Dutch net international investment position was nearly 281 billion euro. The increase can partly be attributed to the surplus on the current account, but also partly to the favourable development of prices of assets and liabilities.

In 2012, particularly the balance of direct investments was very positive. The official reserves, the balance of financial derivatives and the remaining financial traffic contributed to the positive net international investment position too, but to a lesser extent. The balance of securities was negative.

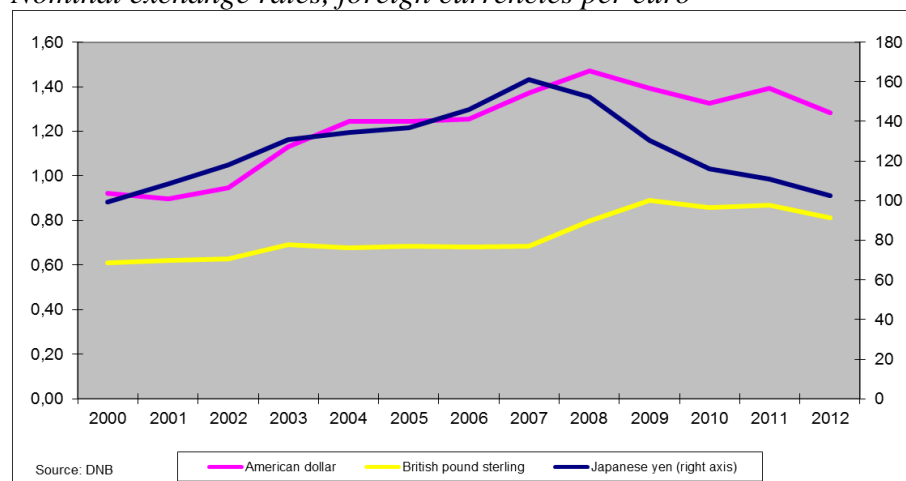
More figures can be found in [StatLine](#), theme Macroeconomics.

Real effective exchange rate

Real effective exchange rate, 2012, change on three years previously



Nominal exchange rates, foreign currencies per euro



What is the real effective exchange rate?

The real effective exchange rate is the exchange rate adjusted for price developments. The European Commission uses the relative consumer prices, i.e. the exchange rate adjusted for changes in the European harmonised consumer price index (HICP).

More information on the real effective exchange rate can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the change compared to three years previously. The upper and lower limits are +5 percent and -5 percent respectively.

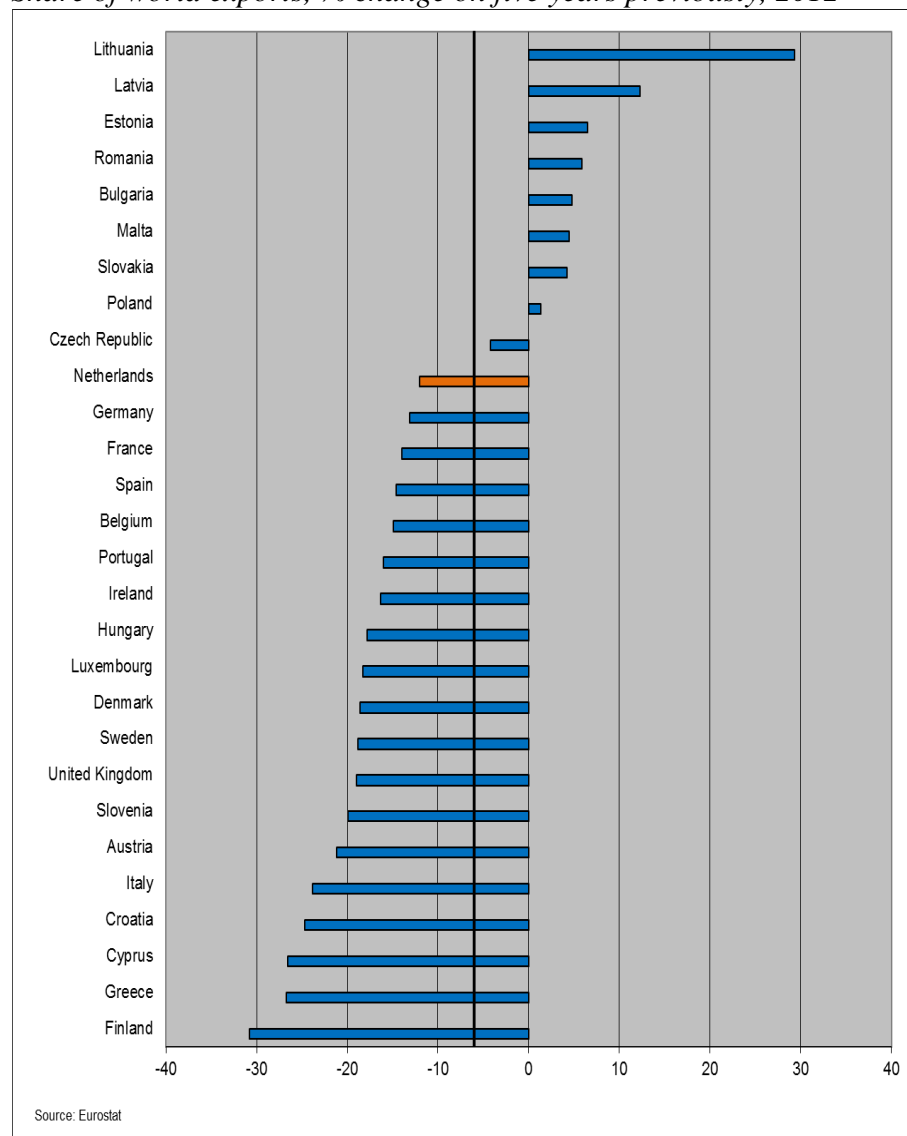
Recent developments

The Dutch real effective exchange rate has dropped in the last three years, like in most other Western European countries.

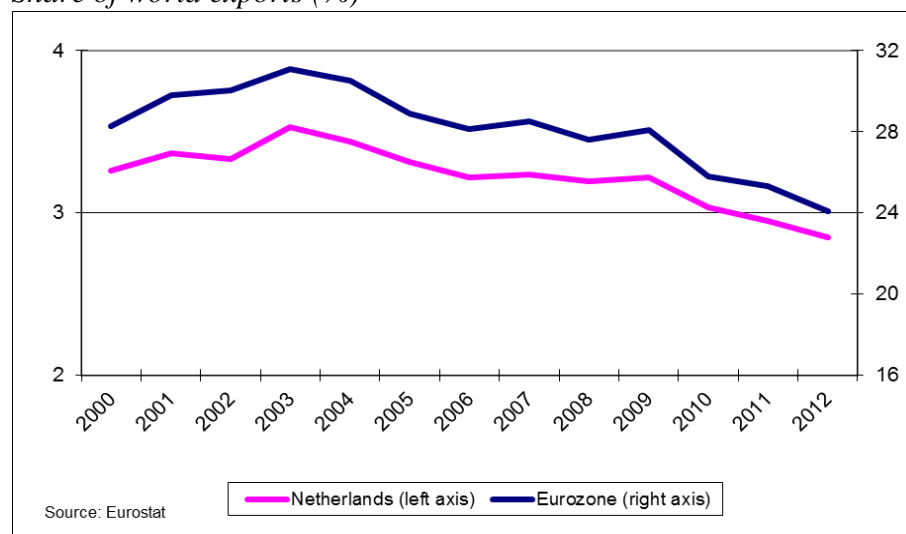
More figures can be found in [StatLine](#), theme Macroeconomics.

Share of world exports

Share of world exports, % change on five years previously, 2012



Share of world exports (%)



What is the share of world exports?

The share of world exports is the value of Dutch exports as a percentage of total international world trade. More information on the share of world exports can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the change compared to five years previously. There is only a lower limit of -6 percent.

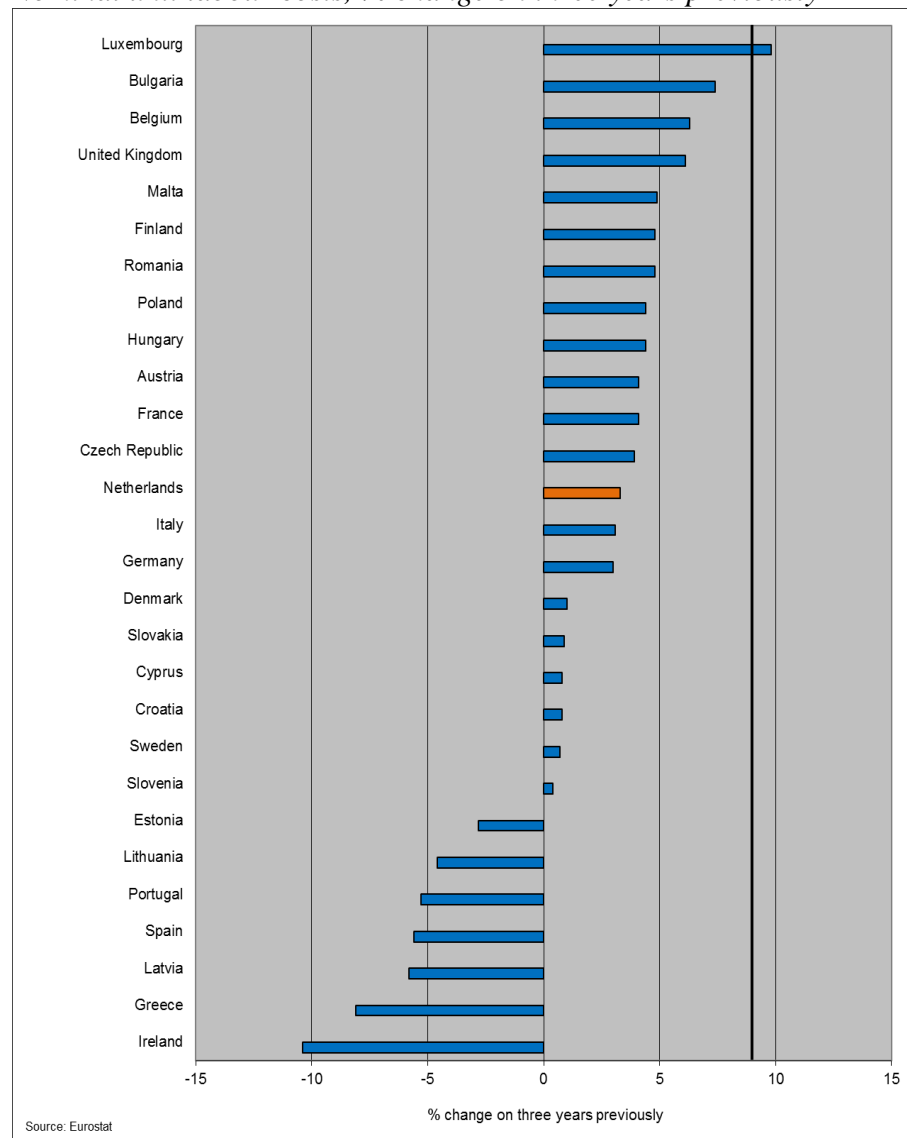
Recent developments

The Dutch share of world exports has declined recently. Most other countries in the eurozone also faced a loss.

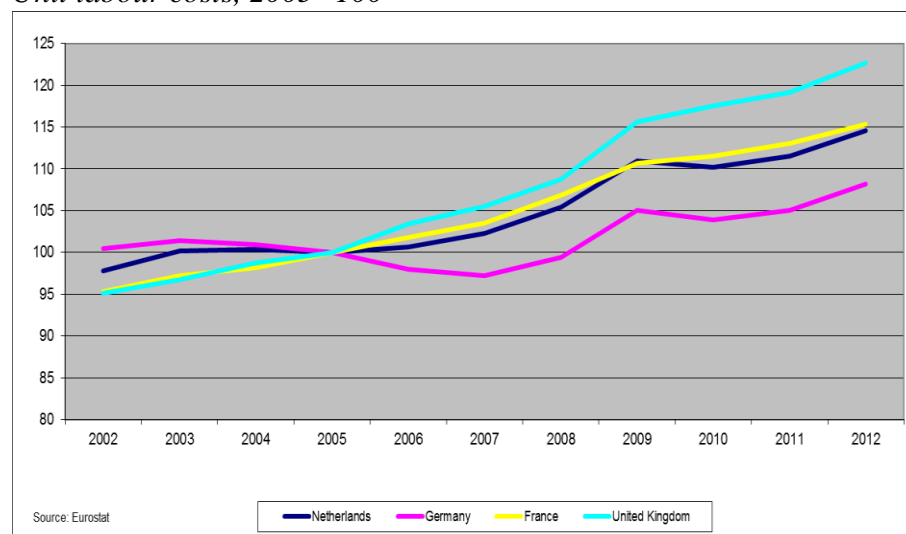
More figures can be found in [StatLine](#), theme Macroeconomics.

Nominal unit labour costs

Nominal unit labour costs, % change on three years previously



Unit labour costs, 2005=100



What are the nominal unit labour costs?

The nominal unit labour costs show the ratio between labour costs and labour productivity. An increase means that labour costs rise quicker than labour productivity. This can be negative for a country's competitiveness. More information on the nominal unit labour costs can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the change from three years previously. The European Commission imposed an upper limit of +9 percent.

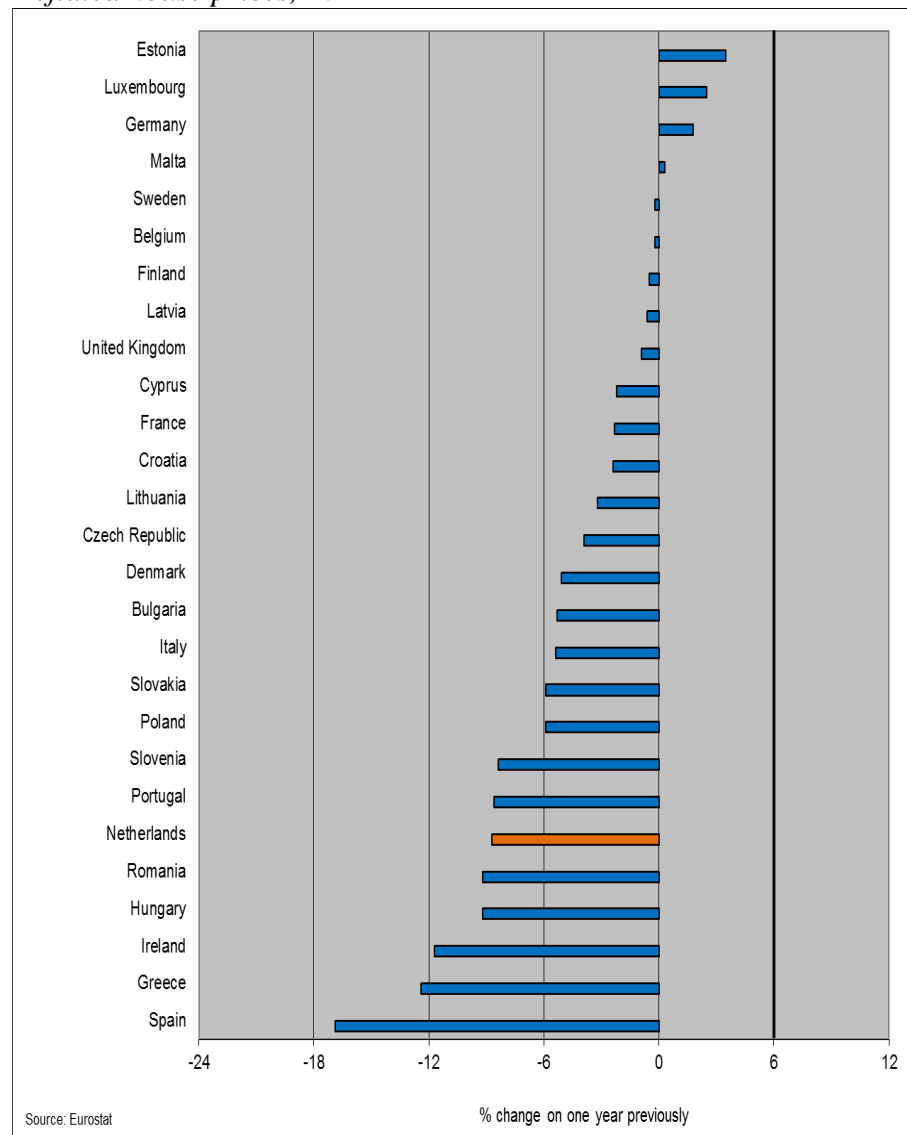
Recent developments

Nominal unit labour costs rose considerably from 2006 to 2009, just like in France and the United Kingdom. In Germany, on the other hand, labour costs only started to rise after 2007, and to a lesser extent than in the Netherlands. From 2009 to 2011, labour costs hardly changed in Germany and the Netherlands. In France and the United Kingdom, labour costs increased slightly. In 2012, nominal unit labour costs rose in all four countries.

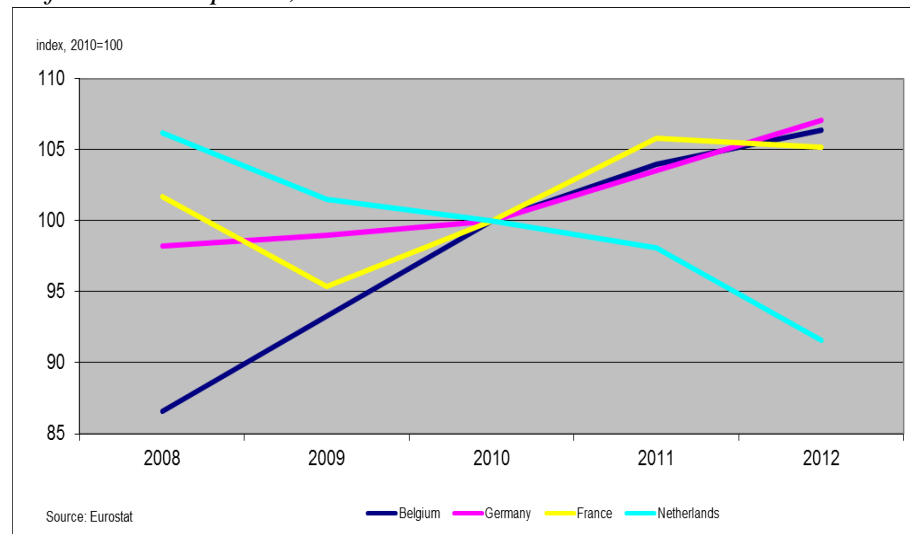
More figures can be found in [StatLine](#), theme Macroeconomics.

Deflated house prices

Deflated house prices, 2012



Deflated house prices, 2005=100



What are deflated house prices?

Deflated house prices are the ratio between the house price index on the one hand and the deflator for household consumption on the other hand. The indicator compares house price developments with the development of prices for households and non-profit organisations. To estimate the house price index, Eurostat uses data about both existing and new houses. More information can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the change from one year previously. The Commission imposed an upper limit of +6 percent.

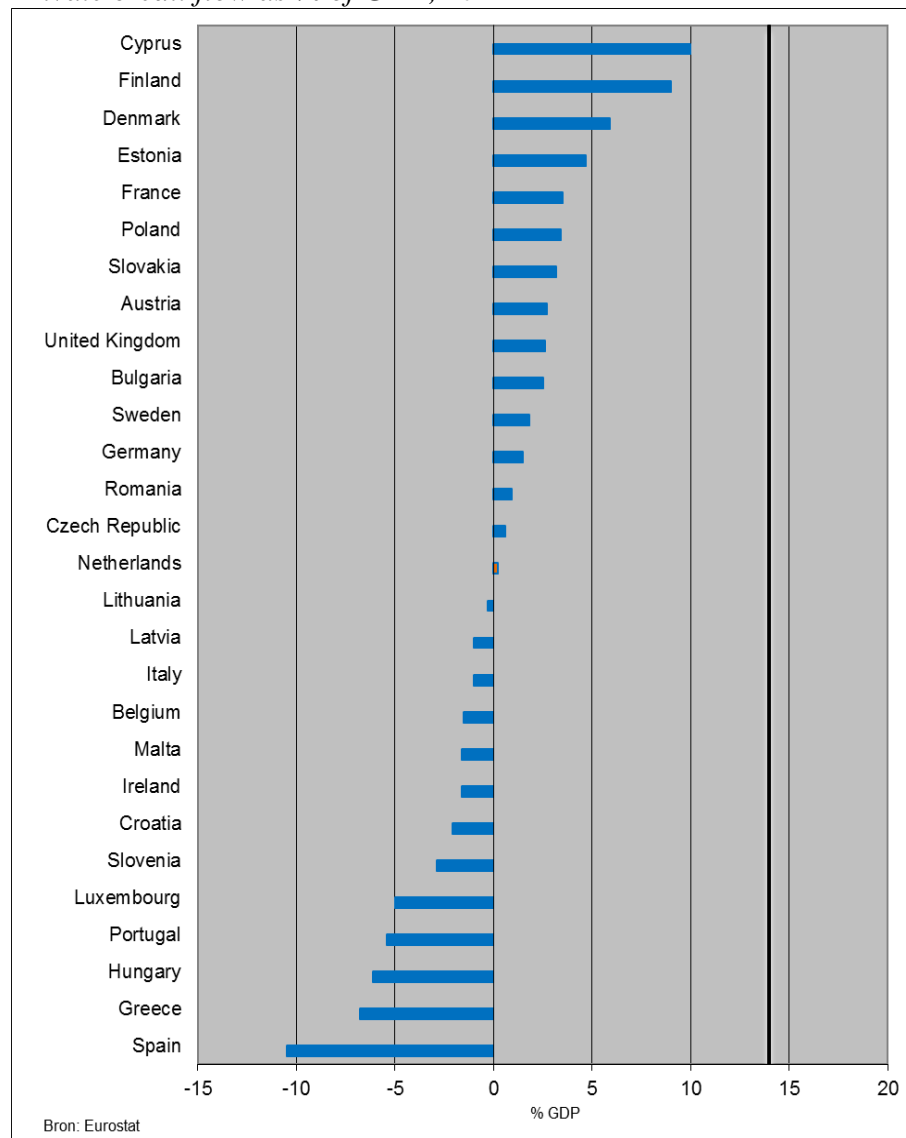
Recent developments

Since 2008, deflated house prices dropped considerably in the Netherlands. In Belgium and Germany, on the other hand, prices increased. House prices in France dropped in 2009, rose in 2010 and 2011, and remained fairly stable in 2012.

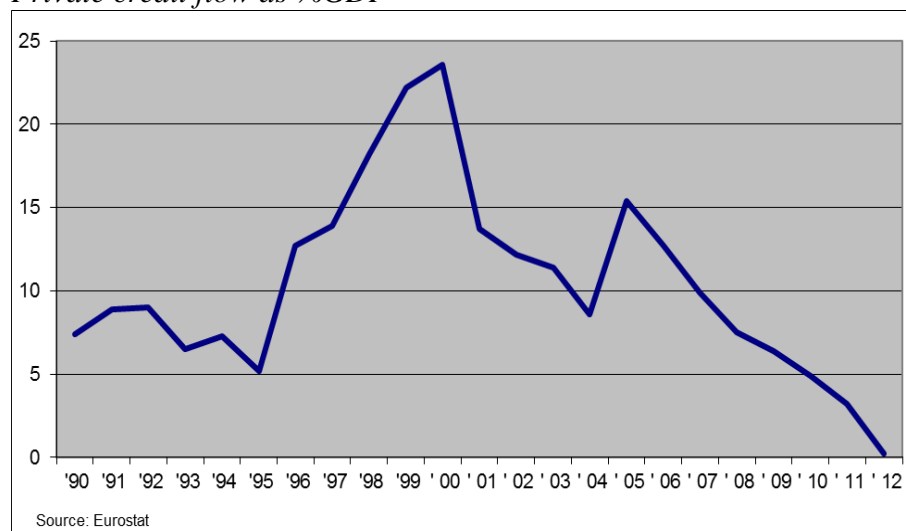
More figures can be found in [StatLine](#), theme Macroeconomics.

Private credit flow

Private credit flow as % of GDP, 2012



Private credit flow as %GDP



What is the private credit flow?

The private credit flow shows how much debt households, non-profit organisations and non-financial companies make during the year. The private credit flow is consolidated, i.e. transactions within the same sector are not taken into account. More information on the private credit flow can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the private credit flow as a percentage of GDP. The Commission imposed an upper limit of 14 percent.

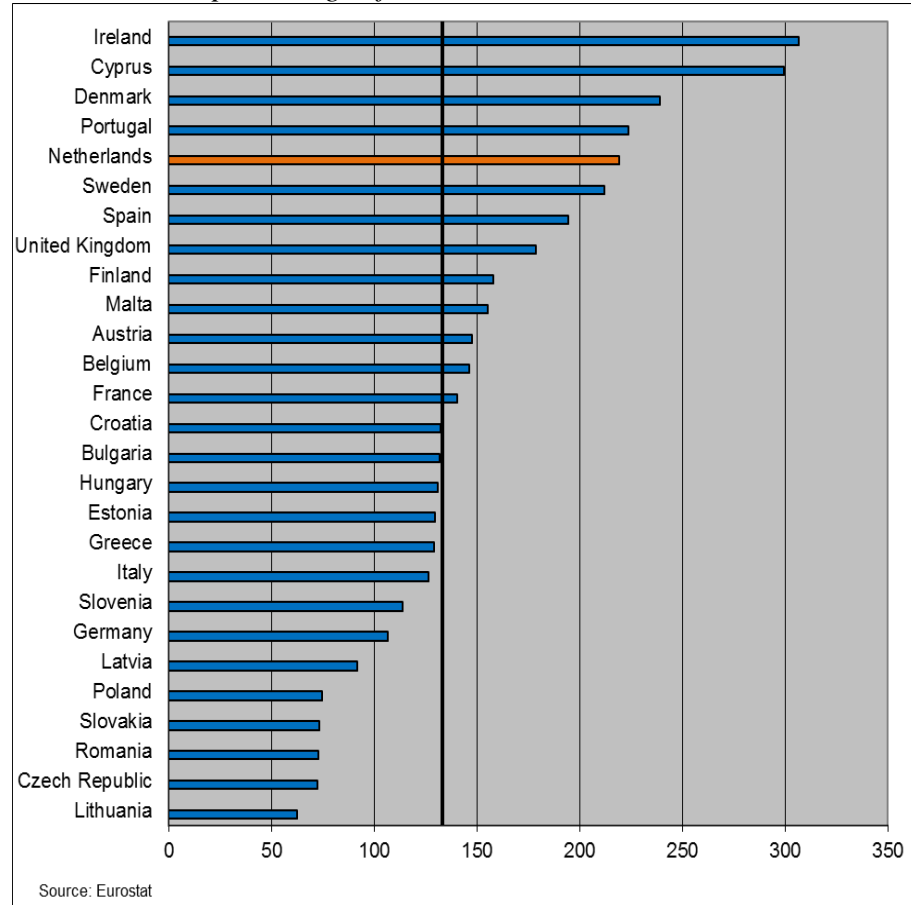
Recent developments

The Dutch private credit flow has steadily declined after 2005. In 2012, the private credit flow was 0.2 percent of GDP, as against more than 20 percent at the end of the nineties.

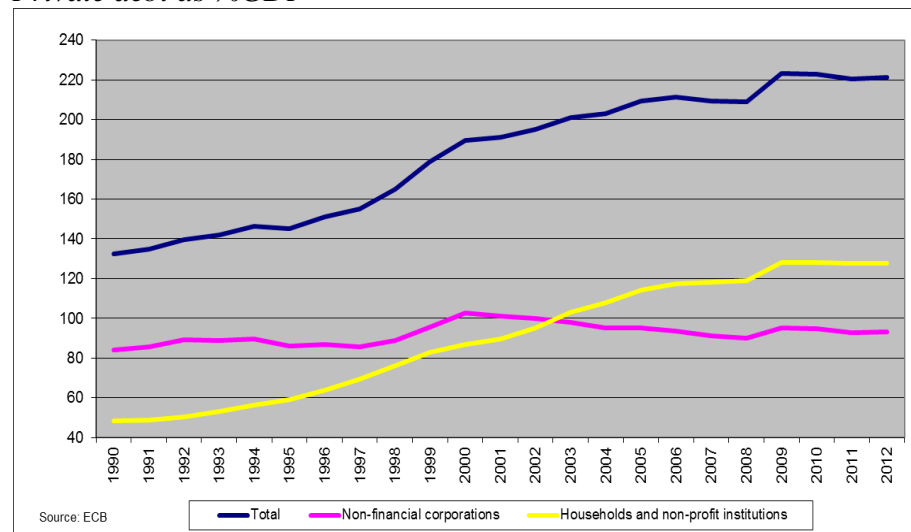
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Private debt

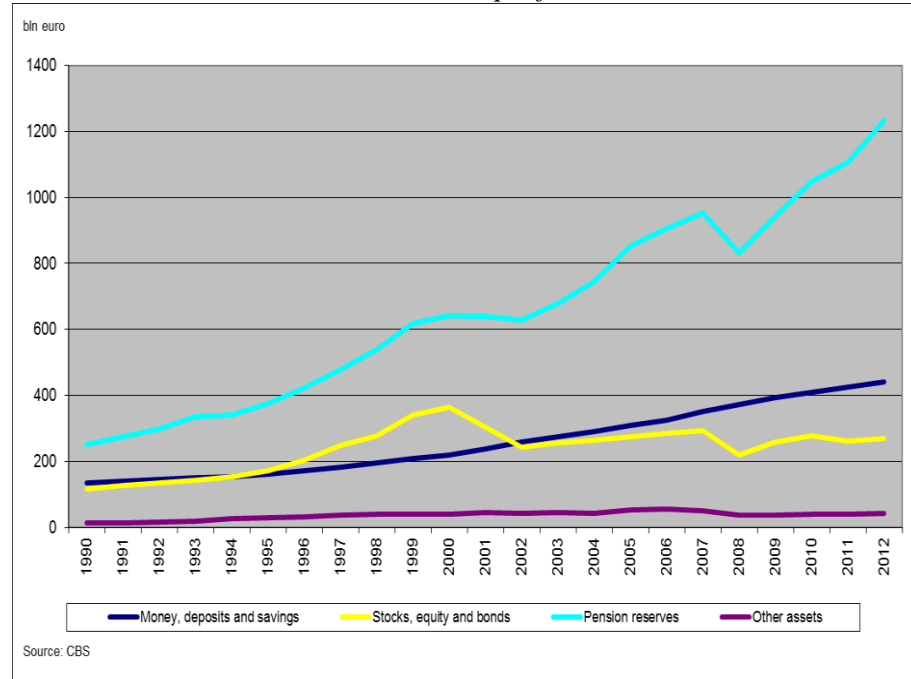
Private debt as percentage of GDP, 2012



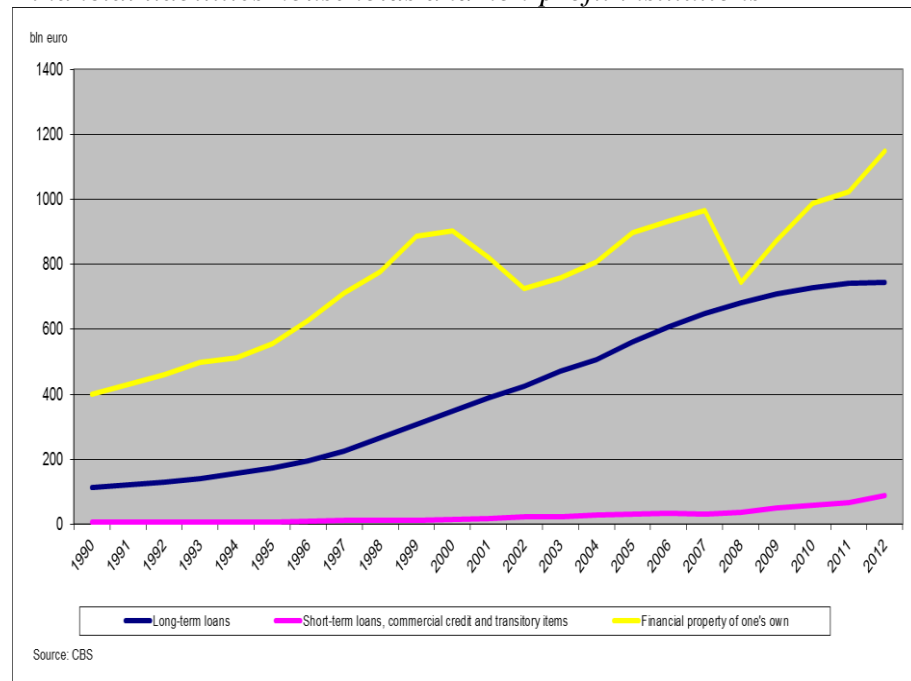
Private debt as %GDP



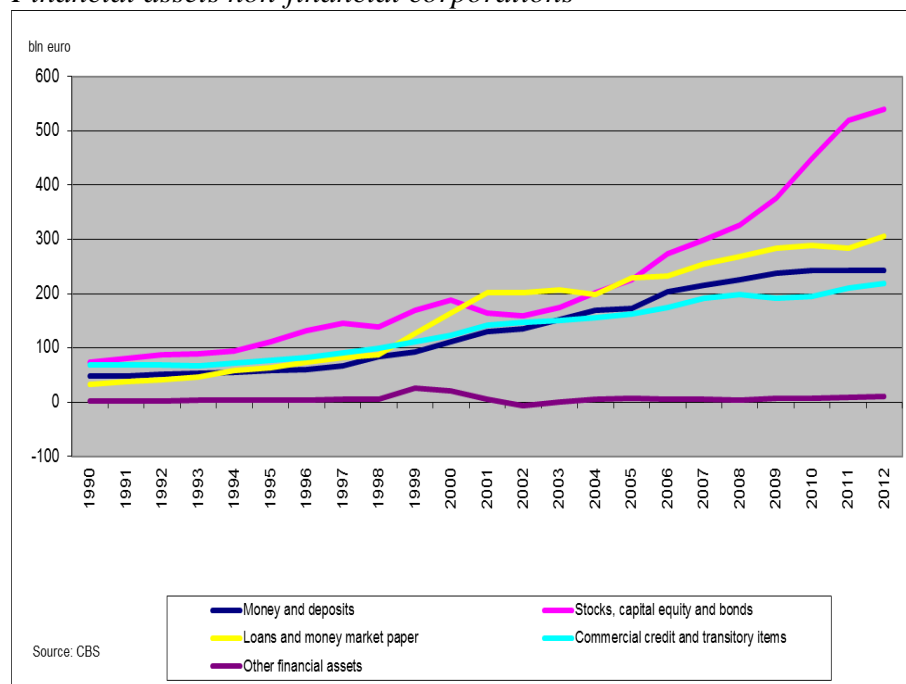
Financial assets households and non-profit institutions



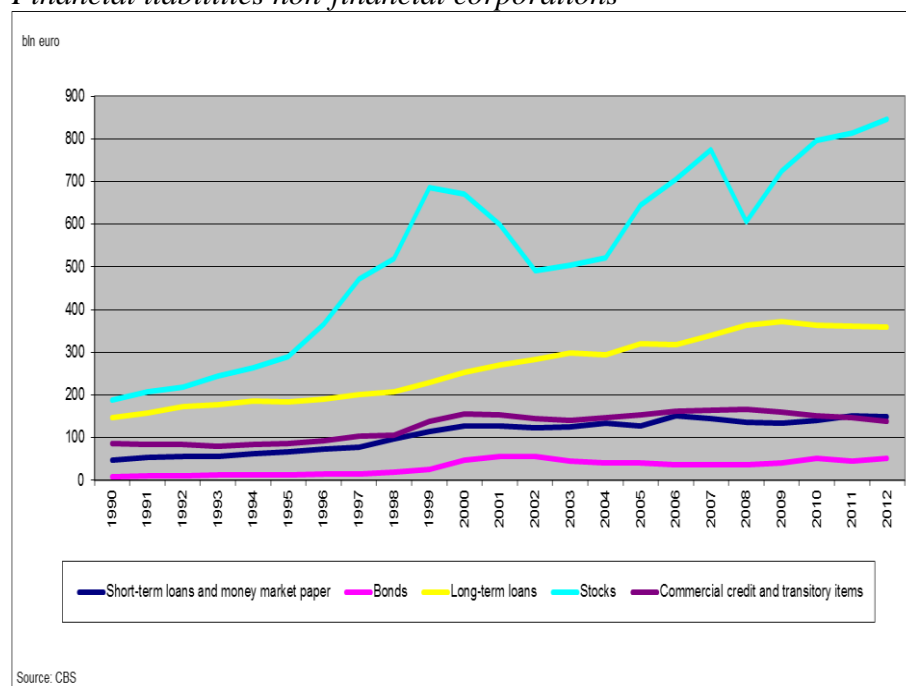
Financial liabilities households and non-profit institutions



Financial assets non-financial corporations



Financial liabilities non-financial corporations



What are private debts?

Private debts are debts of households, non-profit organisations and non-financial companies. Debts are consolidated, i.e. debts within the same sector are not taken into account. More information can be found on Eurostat's [website](#).



Upper and lower limits

The European Commission monitors private debt as percentage of GDP. The Commission imposed an upper limit of 133 percent.

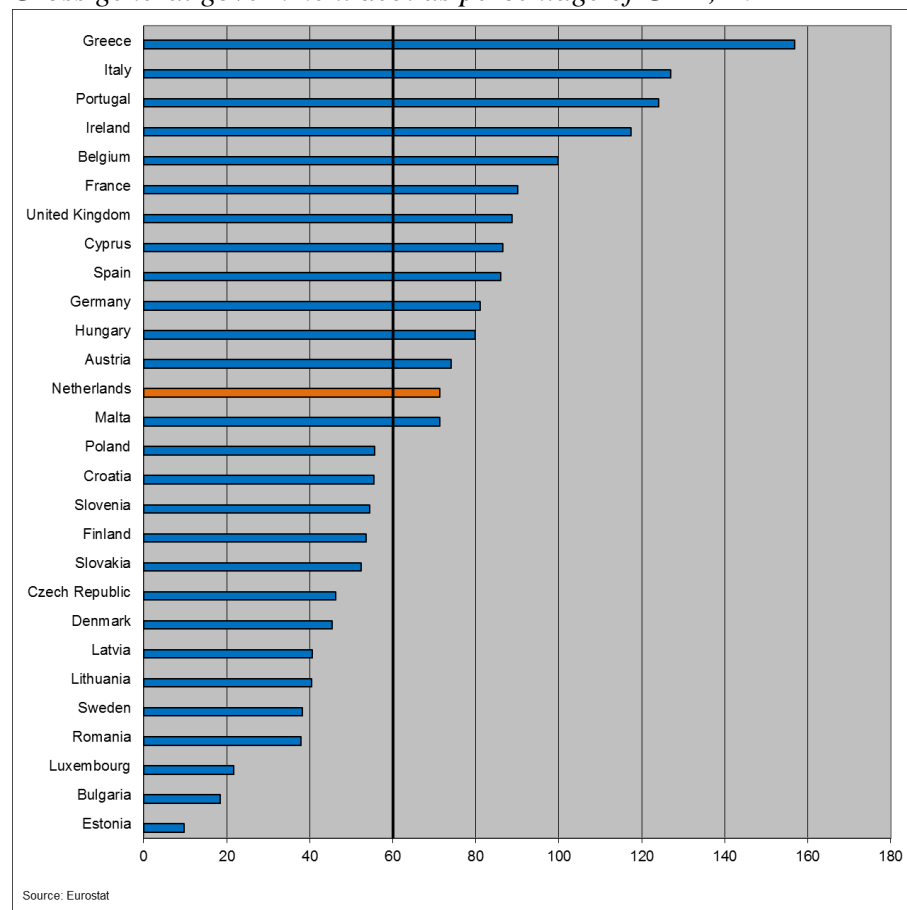
Recent developments

Private debt rose considerably in the Netherlands from 1990 to 2009. In 2010, 2011 and 2012, private debt barely changed. Private debts are much higher than the upper limit. Particularlry household debt is high. In the most recent decades, households contracted many (mortgage) loans. On the assets side of the balance, especially pension reserves increased considerably. Non-financial companies have more and more securities on both the assets and the liabilities side.

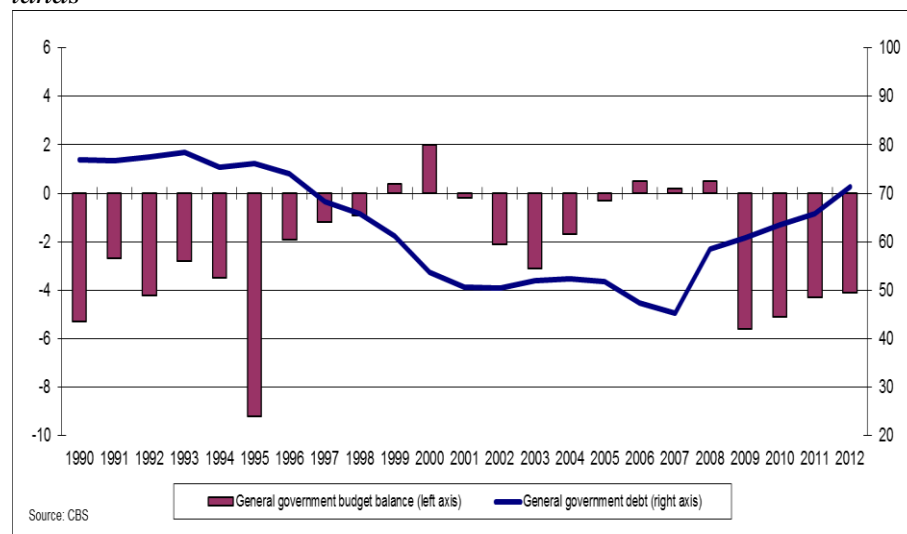
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Government debt

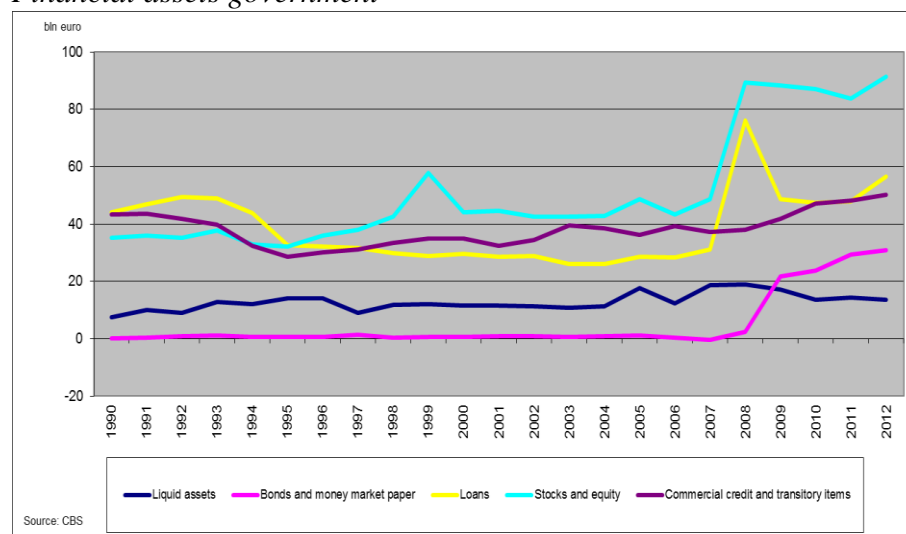
Gross general government debt as percentage of GDP, 2012



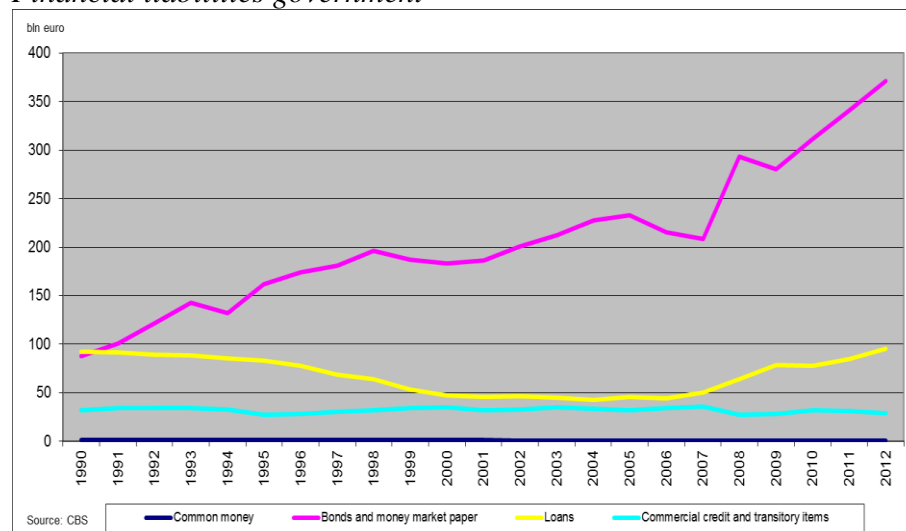
Government debt and government budget balance as % of GDP, Netherlands



Financial assets government



Financial liabilities government



What is the government debt?

Government debt is the total debt of the Dutch government, including provinces and municipalities. More information can be found on Eurostat's [website](#).

Upper and lower limits

The European Commission monitors the government debt as a percentage of GDP. The upper limit is 60 percent.

Recent developments

From the middle of the nineties until 2007, government debt as a percentage of GDP dropped gradually, but as from 2008, the debt ratio increased, partly due to interventions in the financial sector. In 2008, the government nationalized ABN Amro and Fortis and gave ING a financial injection. As from 2009, the budget deficit also had an upward effect on the government

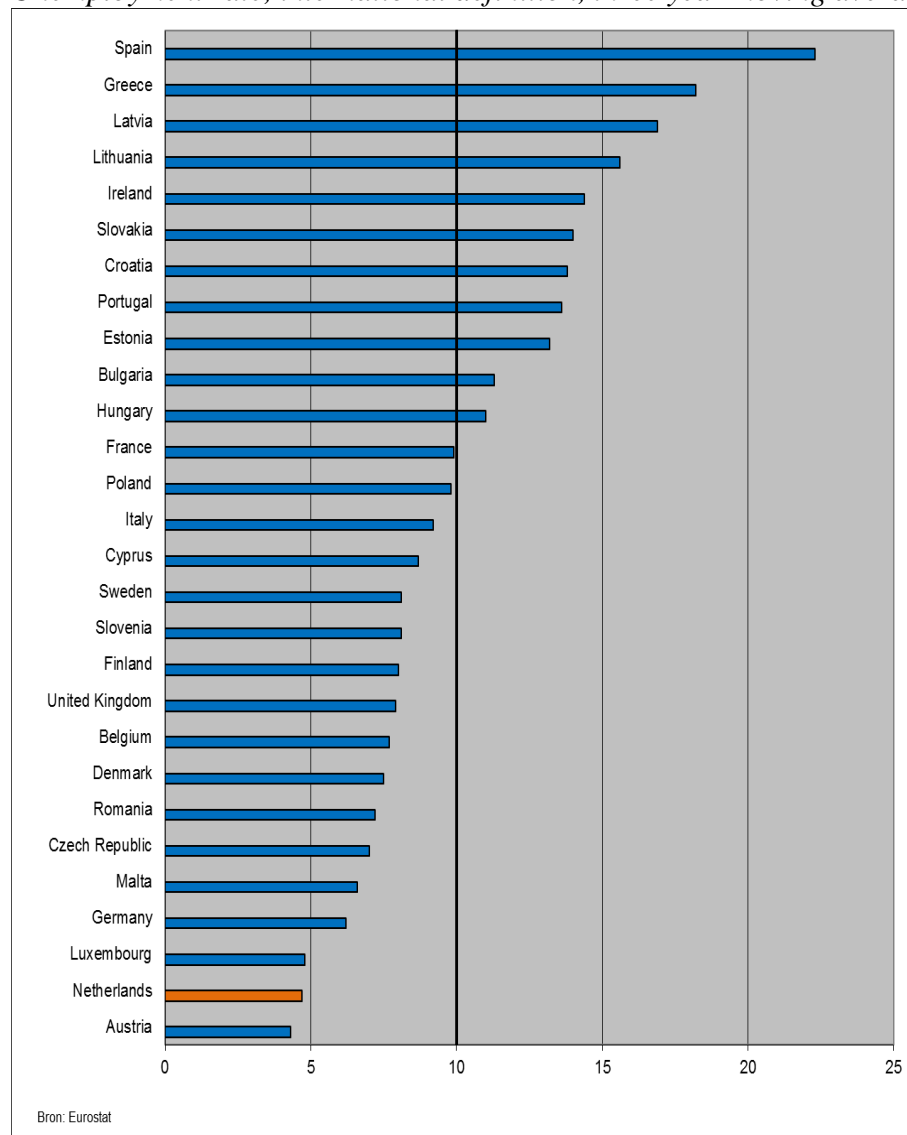


debt. To finance the deficit and the interventions in the financial sector, the government had to issue more bonds. These bonds appeared on the liabilities side of the government's balance. Dutch government debt ratio is above 60 percent now.

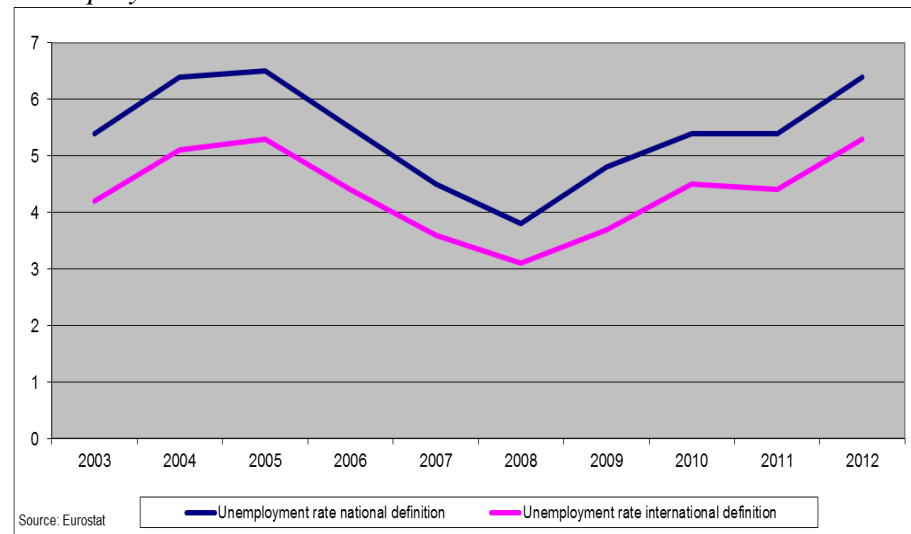
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Unemployment

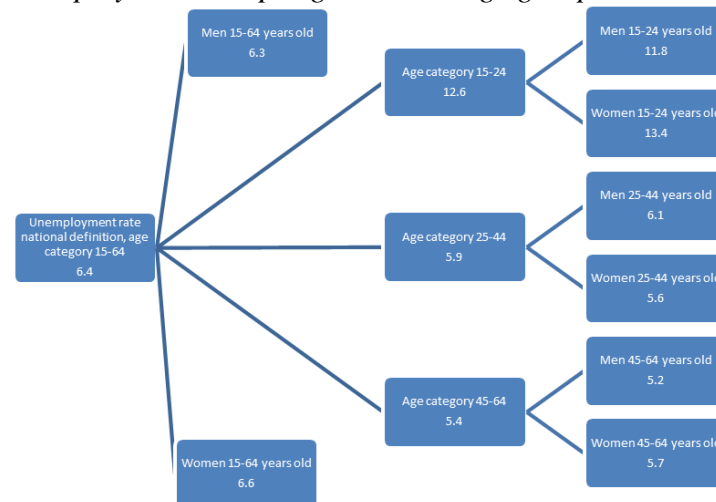
Unemployment rate, international definition, three year moving average



Unemployment rates



Unemployment rate per gender and age group, national definition, 2012



What is the unemployment rate?

The unemployment rate is the number of unemployed persons as a percentage of the labour force. According to the international definition, someone is unemployed if he does not work, and if he is available for 1 hour or more. According to the Dutch national definition, someone is unemployed if he is available for 12 hours per week or more, and does not work 12 hours per week or more. More information on unemployment can be found on Eurostat's [website](http://ec.europa.eu/eurostat).

Upper and lower limits

The European Commission monitors unemployment according to the international definition. The Commission imposed an upper limit of 10 percent.



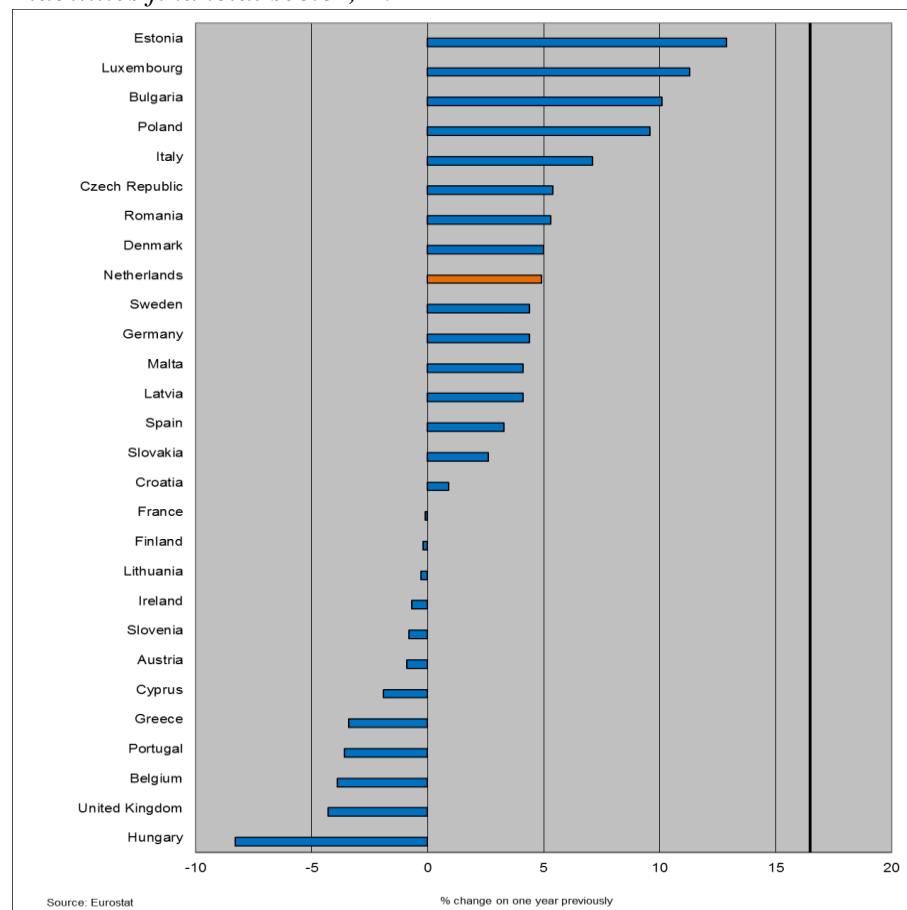
Recent developments

Unemployment has risen dramatically since the start of the credit crunch crisis. Nevertheless, unemployment in the Netherlands is still low compared to most other European countries.

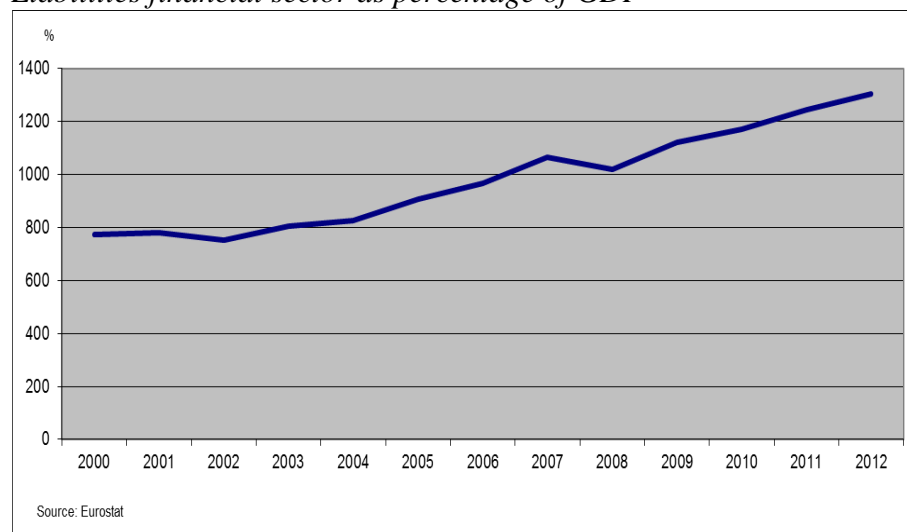
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Liabilities financial sector

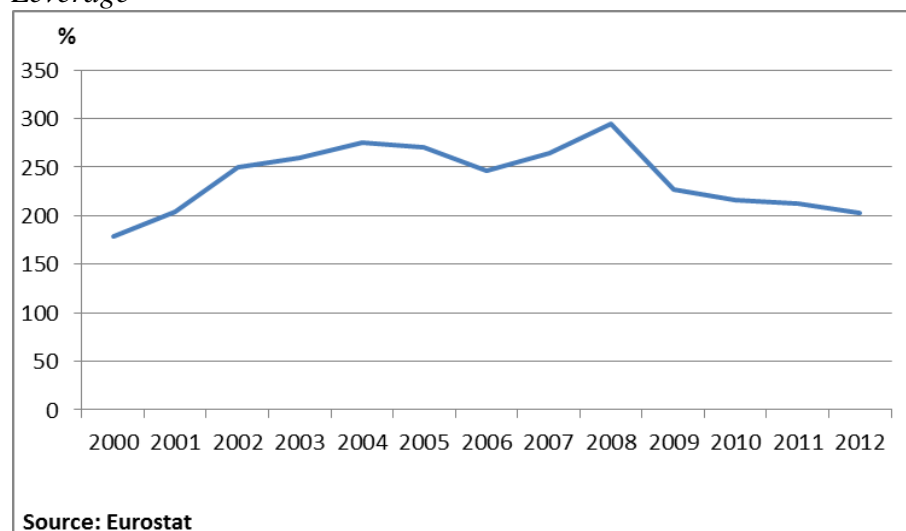
Liabilities financial sector, 2012



Liabilities financial sector as percentage of GDP



Leverage



What are the financial sector liabilities?

This indicator shows the sum of all financial liabilities of the financial sector, including loans, deposits, bonds, stocks and insurance-related reserves. The indicator consists of non-consolidated values. So, financial institutions' liabilities to each other are also taken into account. More information on the financial sector's liabilities can be found on Eurostat's [website](#).

The leverage is an indicator which is not part of the European Commission's scoreboard, but the European Commission takes a close look at it if it has the opinion that further research on the liabilities of the financial sector in a country is necessary. The leverage shows the ratio between the debt capital (loans, bonds, deposits etc.) and the equity (shares, other equity).

Upper and lower limits

The Commission monitors the year-on-year changes of the financial sector liabilities. The upper limit is 16.5 percent.

Recent developments

In the last years, financial sector liabilities have increased substantially, also if these are expressed as a percentage of GDP. In 2012, financial sector liabilities increased by 4.9 percent. The increase is far below the upper limit.

The leverage decreased after 2008.

More figures can be found in [StatLine](#), theme Macroeconomics.