

NETHERLANDS

After a sharp recession, the economy looks set to grow again on the back of a recovery in world trade, fiscal stimulus and easier monetary conditions. However, growth will be too weak to prevent further increases in the unemployment rate, one of the lowest in the OECD, until the end of 2010.

The fiscal stimulus has contributed to a budget deficit around 4½ per cent of GDP in 2009. To restore fiscal sustainability, the government should pursue its consolidation plan set to start in 2011. The planned two-step increase in the retirement age will help meet this objective but would be more effective with a phased-in implementation. Further focus on active labour market policies and easing of labour protection legislation would help stimulate employment growth.

Netherlands: Demand, output and prices

	2006	2007	2008	2009	2010	2011
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption	254.9	1.7	1.3	-2.6	0.1	1.7
Government consumption	135.4	3.7	2.0	3.0	1.6	0.4
Gross fixed capital formation	106.4	4.8	4.9	-11.4	-1.8	2.7
Final domestic demand	496.7	2.9	2.3	-3.0	0.1	1.5
Stockbuilding ¹	1.7	-0.6	0.3	-1.0	0.0	0.0
Total domestic demand	498.4	2.3	2.7	-4.1	0.2	1.5
Exports of goods and services	393.5	6.7	2.7	-8.9	4.6	6.4
Imports of goods and services	351.7	5.1	3.7	-9.1	4.3	6.2
Net exports ¹	41.8	1.5	-0.4	-0.6	0.5	0.6
GDP at market prices	540.2	3.6	2.0	-4.3	0.7	2.0
GDP deflator	–	1.6	2.7	-0.3	0.2	0.7
<i>Memorandum items</i>						
Harmonised index of consumer prices	–	1.6	2.2	0.9	0.3	0.7
Private consumption deflator	–	1.6	2.1	-0.8	0.7	0.7
Unemployment rate	–	3.3	2.9	3.7	5.2	5.5
Household saving ratio ²	–	8.1	6.8	10.1	10.0	9.9
General government financial balance ³	–	0.2	0.7	-4.5	-5.9	-5.3
Current account balance ³	–	8.6	4.8	6.3	7.2	7.7

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of disposable income, including savings in life insurance and pension schemes.

3. As a percentage of GDP.

Source: OECD Economic Outlook 86 database.

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