

NETHERLANDS

The economy underwent a strong contraction at the end of 2008 and in early 2009 as exports and private investment collapsed. However, unemployment has only recently started to increase, from a low level. Overall, the economy will shrink notably in 2009, before slowly recovering in 2010 along with the pick-up in world trade.

Although the fiscal situation is deteriorating sharply, automatic stabilisers should be allowed to work fully and, if necessary, further discretionary fiscal action could be contemplated to support demand. The government should maintain its focus on active labour market policies to limit the increase in long-term unemployment. In order to assure fiscal sustainability, pension reform should be pursued.

Netherlands: Demand, output and prices

	2005	2006	2007	2008	2009	2010
	Current prices € billion	Percentage changes, volume (2000 prices)				
Private consumption ¹	250.3	0.0	2.1	1.6	-2.5	-0.2
Government consumption ¹	121.7	9.0	3.0	2.1	2.0	1.0
Gross fixed capital formation	97.0	7.5	4.9	5.3	-10.3	-3.1
Final domestic demand	469.0	3.9	2.9	2.6	-3.0	-0.4
Stockbuilding ²	0.6	-0.2	-0.2	0.5	-0.4	0.0
Total domestic demand	469.6	3.7	2.7	3.1	-3.4	-0.4
Exports of goods and services	357.5	7.3	6.5	2.6	-13.9	-0.5
Imports of goods and services	313.7	8.2	5.7	4.1	-13.5	-0.6
Net exports ²	43.8	0.0	1.0	-0.7	-1.4	0.0
GDP at market prices	513.4	3.4	3.5	2.1	-4.9	-0.4
GDP deflator	–	1.7	1.5	2.7	1.3	0.8
<i>Memorandum items</i>						
Harmonised index of consumer prices	–	1.7	1.6	2.2	1.4	0.9
Private consumption deflator	–	1.9	1.6	2.3	1.5	0.9
Unemployment rate	–	4.1	3.3	2.9	4.0	7.0
Household saving ratio ³	–	5.2	7.4	7.3	8.8	9.4
General government financial balance ⁴	–	0.6	0.3	1.0	-4.4	-7.0
Current account balance ⁴	–	9.4	7.6	7.5	6.1	5.9

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. The introduction of a health care insurance reform in 2006 caused, in national accounts, a shift of health care spending from private consumption to public consumption.
2. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
3. As a percentage of disposable income, including savings in life insurance and pension schemes.
4. As a percentage of GDP.

Source: OECD Economic Outlook 85 database.