

**FOR
AGENDA**

SM/82/244
Supplement 1

CONTAINS CONFIDENTIAL
INFORMATION

February 2, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Netherlands - Staff Report for the 1982 Article IV
Consultation

The attached supplement to the staff report for the 1982 Article IV consultation with the Netherlands (SM/82/244, 12/30/82, and Correction 1 (2/2/83)) has been prepared on the basis of additional information.

This subject has been scheduled for discussion on Friday, February 4, 1983.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

NETHERLANDS

Staff Report for the 1982 Article IV Consultation
Supplementary Information

Prepared by the European Department

Approved by L. A. Whittome

February 2, 1983

A revised set of official macroeconomic estimates and forecasts for 1982 and 1983 has become available (attached) since SM/82/244 (12/30/82) was issued. GDP is presently estimated to have declined by 1.6 per cent in 1982. The downward revision from a previously estimated 1 per cent decline reflects mainly a lower estimate for the foreign balance, as the trade account weakened markedly in the third quarter. For 1983, the deceleration of consumer prices would be stronger than previously expected, reflecting a lower revised forecast for import prices. In turn this would mitigate the decline in domestic absorption, however, the forecast for foreign demand has also been revised downward, leaving expected GDP growth unchanged from the earlier forecast.

The public sector borrowing requirement for 1982 is now estimated at 9 per cent of net national income, against a previous projection of 10.3 per cent. A 1 per cent increase in the minimum wage and social security benefits became effective on January 1 of this year. The cost of this measure for public finances is to be offset by an increase in tax rates on high incomes.

Netherlands: Selected Economic Data

(Changes in per cent)

	1981	1982 <u>1/</u>	1983 <u>1/</u>	1982 <u>2/</u>	1983 <u>2/</u>
Demand and output at 1977 prices					
Private consumption	-2.6	-2.0	-2.8	-2.0	-1.7
Public consumption	1.2	-0.6	0.9	0.1	1.8
Gross fixed investment	-10.7	-4.4	-1.5	-4.4	0.3
Stockbuilding <u>3/</u>	-1.8	0.6	0.8	0.8	0.1
Total domestic demand	-5.3	-1.4	-1.2	-1.2	-0.6
Foreign balance <u>3/</u>	4.1	0.2	0.9	-0.4	0.5
GDP	-1.2	-1.0	-0.1	-1.6	-0.1
Prices, wages, and employment					
Consumer price index	6.7	5.7	4.5	5.7	2.5
GDP deflator	5.6	6.5	3.7	6.0	1.7
Registered unemployment (in thousands)	385	544	705	541	700
Compensation of employees	2.0	4.0	2.0	3.7	0.8

Source. Data provided by the Netherlands authorities.

1/ Estimates in SM/82/244.

2/ Revised official estimates and forecasts.

3/ Contribution to growth of GDP.