

**SPRING 2011 ECONOMIC OUTLOOK FOR THE NETHERLANDS: ANSWERS FROM VNO-NCW**
**MAIN FORECAST**

<i>Annual % change</i>	2010	2011
Real GDP growth	1,7	1,8
Consumer price inflation	1,3	2,0
Unemployment rate	4,5	4,3
Employment growth	-1,0	1
Government net lending (% of GDP)	-5,4	n/a
Gross public debt (% of GDP)	64,3	66,1
Current account balance (% of GDP)	-5,2	-3,6

**Components of aggregate demand - in real terms**

<i>Annual % change</i>		
Private consumption	0,4	0,8
Public consumption	1,0	0,0
Investment (Gross Fixed Capital Formation)	n/a	n/a
Private non-residential investment	-1,6	4,0
Exports	10,2	16,0
Imports	n/a	n/a

**ECONOMIC SENTIMENT**

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<b>Trend in business climate over the next 6 months</b>	Industry					
	Services					
<b>Trend in profitability over the next 6 months</b>	Industry					
	Services					
<b>Investment intentions over the next 6 months</b>	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
		Services				
<b>Influence on companies' investment decisions</b>	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	positive	neutral	neutral	neutral	positive	positive
<b>Driving force behind investment decisions in the next 6 months</b>	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	positive	neutral	neutral	neutral		
<b>Overall trend in employment</b>	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Up	Same	Up	Same		



**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<i>Compared to 6 months ago, cost/access to finance has been...</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>				Cost Access
<i>for larger companies (&gt;250 employees)</i>				Cost Access

<i>Over the next 6 months, cost /access to finance will be...</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>				Cost Access
<i>for larger companies (&gt;250 employees)</i>				Cost Access

	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Engcouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Very limited effect	Very limited effect	Very limited effect	Very limited effect	Very limited effect
	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Engcouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Very limited effect	Very limited effect	Very limited effect	Very limited effect	Very limited effect



**POLICY MIX**

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>	yes				
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>	yes				
<i>Credible cost-cutting measures</i>	yes				
<i>Increased scope of public-private partnerships</i>		yes			
<i>Reform of pension systems</i>		yes			
<i>Improved efficiency of healthcare sector</i>		yes			
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&amp;D and innovation efforts</i>		yes			
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>			yes		
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	no			