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The Dutch economy is doing surprisingly well

The Dutch economy continues to grow at a decent pace despite persistent inflation, geopolitical uncertainty and domestic capacity constraints. Strong household spending has helped so far, but the growth engine is gradually shifting towards exports and investment



We expect Dutch GDP growth of 1.7% in 2026, a solid outcome given the challenging external backdrop

It has been a turbulent year for the global economy, but economic activity has proven remarkably resilient. The Netherlands is no exception. Dutch GDP grew by 0.6% quarter-on-quarter in the second quarter, with household consumption and exports performing particularly well.

We expect GDP growth of 1.7% in 2026 and 1.6% in 2027, following growth of 1.6% in 2025. That is a decent performance given the external environment. Energy prices remain elevated, interest rates have risen again, and uncertainty surrounding the Middle East and Russia continues to affect businesses and consumers. But the enormous investment boom around AI and semiconductors has helped world trade to continue to expand.

Global trade growth is also a Dutch growth story

The strong performance of exports illustrates this particularly well. Dutch export growth is expected to reach 3.4% this year. Export performance in the second quarter was the strongest in eight quarters and, importantly, the improvement was fairly broad-based.

Services exports have been strong, while machinery and equipment shipments, exports of oil products, and trade in energy-intensive intermediate goods also performed well.

Consumers continue to spend despite low confidence

Domestic demand has also performed better than sentiment indicators would suggest. Household consumption was the largest contributor to GDP growth in the second quarter, while the household savings rate declined slightly. This was despite consumer confidence remaining low, albeit at a somewhat higher level. Wage growth is still stronger than inflation, supporting real disposable income and allowing households to increase spending.

There are limits to how long this support can last, however. Inflation remains stubbornly high. We expect HICP inflation of 2.8% this year and 2.9% in 2027, with inflation likely to peak in the first half of next year as previous energy price increases work their way through food and other consumer prices. Lower oil and fuel prices should subsequently provide some relief, but developments remain highly dependent on geopolitics and energy markets.

As wage growth gradually slows, real-income growth will lose momentum. For a large share of households, purchasing-power gains in 2027 are likely to be close to zero as wage growth decelerates, taxes increase, and the temporary boost to pension incomes fades. Still, there is some room for consumption growth if households become more willing to spend and reduce discretionary saving somewhat.

Investment is finally showing some signs of life

Business investment has been one of the weak spots of the Dutch economy for quite some time, but there are tentative signs that the picture is improving. Investment increased for a second consecutive quarter in the second quarter of the year, including higher expenditure on transport and telecom equipment. We expect investment growth to strengthen further in 2027.

That should not be confused with a genuine investment boom. Businesses still face some very Dutch obstacles. Electricity-grid congestion, nitrogen-emission restrictions and slow permitting procedures continue to constrain investment and productive capacity. Even where government policy eventually eases these constraints, the impact will take time.

Public investment provides another source of demand. Infrastructure, defence and electricity-grid spending will increase, partly compensating for weaker growth in other areas of

government expenditure.

The labour market is cooling, but only gently

The labour market is moving towards a slightly looser balance. Unemployment is expected to edge up from 4.0% in 2026 to 4.1% next year. Previous high increases in labour costs have coincided with weaker employment growth, but shortages of workers remain an important constraint for many companies.

This gradual cooling is actually positive from an inflation perspective, helping to ease wage pressures without signalling a sharp weakening in employment. For now, the labour market appears to be normalising rather than heading towards a downturn.

Budget negotiations add another layer of uncertainty

Meanwhile, the process of securing parliamentary approval for the Dutch central-government budget for 2027 remains unusually uncertain. On Budget Day (Prinsjesdag) on 15 September, the minority government formally submitted the 2027 Budget Memorandum (Miljoenennota), the departmental budgets, and the tax plan. Politically, however, these remain an opening position: the government has no majority in the House of Representatives (Tweede Kamer) nor in the Senate (Eerste Kamer) and must negotiate with opposition parties to pass its plans.

The government has already revised parts of the package in response to Parliament's wishes. Most importantly, it withdrew the proposed changes to unemployment and disability benefits from the Social Affairs budget to give employers and trade unions room to negotiate a broader agreement on social security and the labour market. The associated austerity target has not disappeared, however. It has provisionally been placed elsewhere in the expenditure framework in the form of incomplete inflation compensation for most ministerial departments. If negotiations do not produce sufficient savings, the government intends to decide in spring 2027 how the shortfall should actually be covered.

The Dutch government's Box 3 wealth tax

The part of Dutch wealth income tax that covers savings and investments but excludes owner-occupied homes and pensions remains an important unresolved tax issue. The government has chosen a broad direction that seems to have support in parliament: from 2028, it wants capital gains on most financial investments to be taxed when they are realised rather than taxing annual increases in value. This requires an amending bill to the Box 3 legislation already before Parliament. Yet the financing of this change remains disputed.

Parliament rejected the government's initial approach, which would have brought substantially more households into Box 3 and would not have covered the revenue losses in the more distant future. Discussions on alternative funding remain ongoing and continue to cast a shadow over departmental budgets, which are being debated and voted on separately. The

clock is ticking. Tax measures intended to take effect on 1 January 2027 must still be approved by both chambers and published before the end of the year if they are to enter into force as planned, as these require enacted and published legislation. This is different for the departmental budgets that set spending targets, as without agreement existing policies may continue, albeit with restraint.

For the economic outlook, this means that the precise composition and timing of fiscal policy in 2027 remain unusually uncertain, even though a substantial part of government spending will continue irrespective of the political negotiations.

Resilient growth, but becoming somewhat more export and investment-driven

All in all, the Dutch economy enters the final part of 2026 in reasonably good shape. Growth remains broad enough to withstand weaker purchasing-power developments, while the gradual recovery in investment and strong export demand provide support as household and government consumption become less powerful growth engines.

The downside risks are still dominated by the international environment. A renewed escalation in the Middle East could push oil, fuel and especially European gas prices higher, prolonging inflation and weakening household purchasing power and business investment. Geopolitical fragmentation and, in particular, additional restrictions on semiconductor machinery trade could also become increasingly consequential now. But the global semiconductor and AI investment boom could also remain stronger for longer.

Another upside could come from households: consumption has already held up better than confidence indicators suggested, and a further decline in precautionary saving would allow spending to grow faster even if real-income gains become more modest.

In short, we continue to see a Dutch economy that is quite resilient, but due to its openness, still quite dependent on geopolitically sensitive energy and trade flows.

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