

**IMMEDIATE
ATTENTION**

SM/11/292
Supplement 1

November 4, 2011

To: Members of the Executive Board

From: The Secretary

Subject: **Kingdom of the Netherlands—Curaçao and Sint Maarten—2011 Article IV Consultation Discussions—Informational Annex**

The attached informational annex is being issued as a supplement to the staff report for the 2011 Article IV consultation discussions with the Kingdom of the Netherlands—Curaçao and Sint Maarten (SM/11/292, 11/4/11), which is being considered on a lapse of time basis. Unless an objection from the authorities of the Kingdom of the Netherlands—Curaçao and Sint Maarten is received prior to the conclusion of the Board's consideration, the document will be published. Any requests for modifications for publication are expected to be received two days before the Board concludes its consideration.

Questions may be referred to Mr. Kanda (ext. 35414) and Mr. Weber (ext. 37846) in EUR.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the European Commission, following its consideration by the Executive Board.

This supplement, will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities. The supplement, which is not being distributed in hard copy, will also be available in the Institutional Repository; a link can be found in the daily list (<http://www-int.imf.org/depts/sec/services/eb/dailydocumentsfull.htm>) for the issuance date shown above.

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INTERNATIONAL MONETARY FUND

KINGDOM OF THE NETHERLANDS—CURACAO AND SINT MAARTEN

STAFF REPORT FOR THE 2011 ARTICLE IV CONSULTATION DISCUSSIONS—INFORMATIONAL ANNEX

Prepared By

European Department

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November 3, 2011

FUND RELATIONS

(As of September 30, 2011)

I. Membership Status: The Kingdom of the Netherlands is an original member of the Fund. On February 15, 1961, the Kingdom accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement for all territories.

II. General Resources Account:

	SDR Million	Percent Quota
Quota	5162.40	100.00
Fund holdings of currency	3693.02	71.54
Reserve position in Fund	1469.47	28.46

III. SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	4836.63	100.00
Holdings	4739.58	97.99

IV. Outstanding Purchases and Loans:

None

V. Latest Financial Arrangements: None

VI. Projected Obligations to Fund

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2011	2012	2013	2014	2015
Principal					
Charges/interest	<u>0.05</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>
Total	0.05	0.33	0.33	0.33	0.33

VII. Exchange Rate Arrangements:

The Netherland Antilles guilder has been pegged to the US dollar at N.Af 1.79 per US\$1 since 1971.

VIII. Article IV Consultation:

This is the first Article IV consultation discussion with Curacao and Sint Maarten, following the dissolution of the Netherlands Antilles and the granting of autonomy to both countries on October 10, 2010. The board concluded the last Article IV consultation discussions for the Netherlands Antilles on September 15, 2008, on the basis of IMF Country Report No. 08/315. It is currently envisaged that the next Article IV consultation discussions with Curacao and Sint Maarten will be held in 24 months time.

STATISTICAL ISSUES

I. Assessment of Data Adequacy for Surveillance

General: Data provision has serious shortcomings that significantly hamper surveillance. Nominal expenditure-side national accounts data have not been published since 2006, and there are no data on deflators or real GDP. Data on fiscal expenditures for Sint Maarten are not yet available for 2009–10, and there are significant gaps in its debt data, complicating the assessment of fiscal policy. Moreover, data on the operations of the Netherlands Antilles central government in 2010 are limited, hampering a proper assessment of the degree of fiscal tightening in the currency union in 2011. Fiscal reporting standards need improvement. And the current account deficit could possibly be mismeasured given limitations in the statistical infrastructure.

National accounts: Data are compiled by the Central Bureau of Statistics (CBS). The CBS has published expenditure side national accounts data only up to 2006, though production-side data are available through 2009. Preliminary unpublished expenditure-side estimates for 2007–09 are available for Curacao but not for Sint Maarten. Detailed price indices to deflate national accounts aggregates are not available. The CBS uses the total consumer price index (CPI) to deflate total GDP. This method gives rise to distortions in the measurement of real growth.

Price statistics: CPI data are compiled and published on a monthly basis, although with some lag for Sint Maarten.

Government finance statistics: The Ministry of Finance in Curacao provides fiscal data that can broadly be bridged to the cash framework of the *2001 Government Financial Statistics Manual (GFSM 2001)*. However, the fiscal reporting standards in Sint Maarten are significantly weaker, and improvements are needed in grouping and consolidating fiscal data according to the *GFSM 2001* manual. Final data on fiscal operations for Sint Maarten are still not available for 2009–10, complicating the assessment of its fiscal policy.

Monetary statistics: The methodology used by the Central bank of Curacao and Sint Maarten (CBCS) for compiling monetary statistics is broadly consistent with the IMF Monetary and Financial Statistics Manual. However, there is some lag in the publication of the data.

Balance of payments: Balance of payments (BOP) statistics are reported on a transactions basis in accordance with the fifth edition of the BOP Manual. The CBCS reports quarterly BOP data. No data on intra-currency union flows is available. Monthly data on the official reserve position are published with a lag of one month. The diversified and changing structure of the offshore sector makes an appropriate classification of capital account inflows and outflows problematic. Areas requiring improvement include: a) maturity schedules for private sector external debt, b) more detailed information on individual financing components, and c) information on intra-union flows

II. Data Standards and Quality

Not a General Data Dissemination System participant.

No data ROSC is available.

III. Reporting to STA

No data are currently reported to STA.

Curacao and Sint Maarten: Table of Common Indicators Required for Surveillance

(As of September 30, 2011)

	Date of Latest Observation	Date Received	Frequency of Data	Frequency of Reporting	Frequency of Publication
Exchange Rates	Current	Current	Daily and Monthly	Daily and Monthly	Daily and Monthly
International Reserve Assets and Reserve Liabilities of the Monetary Authorities	8/11	9/01/11	Weekly	Weekly	Monthly
Reserve/Base Money	3/11	6/10/11	Monthly	Monthly	Monthly
Broad Money	3/11	6/10/11	Monthly	Monthly	Monthly
Central Bank Balance Sheet	3/11	6/10/11	Monthly	Monthly	Monthly
Consolidated Balance Sheet of the Banking System	3/11	6/10/11	Monthly	Monthly	Monthly
Interest Rates /1	3/11	6/10/11	Monthly	Monthly	Monthly
Consumer Price Index	6/11	9/20/11	Monthly	Monthly	Monthly
Revenue, Expenditure, Balance and Composition of Financing—General Government /2	9/11	9/11	Annual	Annual	Annual
Revenue, Expenditure, Balance and Composition of Financing—Central Government /2	9/11	9/11	Annual	Annual	Annual
Stocks of Central (or General) Government and Central- (or General-) Government guaranteed debt 3/	9/11	9/11	Annual	Annual	Annual
External Current Account Balance	Q4 2010	9/20/11	Quarterly	Quarterly	Quarterly
Exports and Imports of Goods and Services	Q4 2010	9/20/11	Quarterly	Quarterly	Quarterly
GDP/GNP	2010	9/20/11	Annual	Annual	Annual
Gross External Debt	2010	6/10/11	Annual	Annual	Annual
International Investment Position /4			NA	NA	NA

1/ Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

2/ The general government consists of the central government and the social security funds. The composition of financing distinguishes foreign, domestic bank and domestic nonbank financing.

3/ Including currency and maturity decompositions.

4/ Includes external gross financial asset and liability positions vis-à-vis nonresidents.