

**LAPSE OF
TIME**

SM/16/222
Supplement 1
Correction 1

July 25, 2016

To: Members of the Executive Board

From: The Secretary

Subject: **Kingdom of the Netherlands—Curaçao and Sint Maarten—Staff Report for the 2016 Article IV Consultation Discussions—Informational Annex**

Board Action:

The attached corrections to SM/16/222, Sup. 1 (7/13/16) have been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Page 4

Typographical Errors

Page 3

Questions:

Mr. McIntyre, WHD (ext. 34503)
Mr. Li, WHD (ext. 36917)

Exchange Rate Arrangements:

The Netherland Antilles guilder has been pegged to the US dollar at N-Af. 1.79 per US\$1 since 1971. The exchange regime is free of restrictions and multiple currency practices.

Article IV Consultation Discussions:

This is the third Article IV consultation discussion with Curaçao 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 [Curaçao and Sint Maarten Netherlands Antilles](#) on July 30, 2014, on the basis of [IMF Country Report No. 14/239](#). It is currently envisaged that the next Article IV consultation discussions with Curaçao and Sint Maarten will be held in 24 months.

STATISTICAL ISSUES

I. Curaçao and Sint Maarten: Assessment of Data Adequacy for Surveillance

General: Data provision has serious shortcomings that significantly hamper surveillance. National accounts data have large lags, dating back to 2006. There are no data on GDP deflators or real GDP. Data on fiscal expenditures for both countries continue to be on cash basis, complicating the assessment of fiscal policy. Fiscal reporting standards need improvement, including the adoption of the *Government Financial Statistics Manual (GFS)*. The current account deficit could possibly be mismeasured given limitations in the statistical infrastructure. Lastly, there are no data on the two countries' international investment position.

National accounts: Data are compiled by the respective Central Bureau of Statistics (CBS) in both Curaçao and Sint Maarten. Expenditure-side national accounts components have been published only up to 2011 in Curaçao and 2006 in Sint Maarten, while there is still no production-side data. Detailed price indices to deflate national accounts aggregates are not available. The statistical offices and Central Bank continue to use the total consumer price index (CPI) to deflate nominal GDP, which gives rise to potential distortions in the measurement of real growth.

Price statistics: CPI data are compiled and published on a monthly basis but measures of core inflation are not readily available, particularly for Sint Maarten.

Government finance statistics: The Ministry of Finance in Curaçao provides fiscal data that can broadly be bridged to the cash framework of the GFSM format. However, the fiscal reporting standards in Sint Maarten are significantly weaker than in Curaçao, and improvements are needed in converging and consolidating fiscal data according to the GFSM manual. Final data on the 2016 fiscal budget for both countries have only become available during the mission, complicating timely fiscal policy assessment.

Monetary statistics: The methodology used by the Central Bank of Curaçao and Sint Maarten (CBCS) for compiling monetary statistics is broadly consistent with the IMF Monetary and Financial Statistics Manual. However, monetary and financial indicators are only available for the Union.

Balance of payments: Balance of payments (BOP) statistics are reported on a transactions basis in accordance with the ~~fifth~~-~~sixth~~ 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 reserves 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; c) information on intra-union flows, and d) data on net international investment positions.

II. Data Standards and Quality

Not a General Data Dissemination System participant.

No data ROSC is available.

III. Reporting to STA

~~Standard report on the balance of payments is reported to STA on a quarterly basis. No data are currently reported to STA.~~