

**LAPSE OF  
TIME**

SM/18/301  
Supplement 1

December 28, 2018

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Kingdom of the Netherlands—Curaçao and Sint Maarten—Staff Report for the 2018 Article IV Consultation Discussions—Informational Annex**

Board Action: Executive Directors' **consideration** on a lapse of time basis

Publication: Yes\*

Questions: Ms. Lusinyan, SPR (ext. 34898)

**\*Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**





# KINGDOM OF THE NETHERLANDS— CURAÇAO AND SINT MAARTEN

## STAFF REPORT FOR THE 2018 ARTICLE IV CONSULTATION DISCUSSIONS—INFORMATIONAL ANNEX

December 21, 2018

Prepared By

The Western Hemisphere Department  
(In consultation with other departments)

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## FUND RELATIONS

The 2018 Article IV consultation discussions were held in Curaçao and Sint Maarten during October 25–November 9, 2018. The staff team comprised L. Lusinyan (head), A. Oshima, C. Flodberg, P. Cifuentes Henao (all WHD), and A. Ter-Martirosyan (SPR). D. Kovtun (WHD) and R. Doornbosch (OED) joined the meetings in Sint Maarten and the concluding meetings. H. Canelas (WHD) and K. Tanyeri (ITD) provided assistance from the HQ. The mission met with senior officials and representatives of private sector, finance industry, and labor unions.

**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.

### The Kingdom of the Netherlands

(As of November 30, 2018)

<b>II. General Resources Account:</b>	<b>SDR Million</b>	<b>Percent of Quota</b>
Quota	8736.50	100.00
IMF Holdings of Currency	7,873.47	90.12
Reserve Tranche Position	863.04	9.88
Lending to the Fund		
New Arrangement to Borrow	463.70	

<b>III. SDR Department:</b>	<b>SDR Million</b>	<b>Percent of Allocation</b>
Net cumulative allocation	4,836.63	100.00
Holdings	4,628.94	95.71

**IV. Outstanding Purchases and Loans:** None

### V. Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Stand-By	Sep 12, 1957	Mar 12, 1958	68.75	0.0

### VI. Overdue Obligations and Projected Payments to Fund 1/

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

	Forthcoming				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Principal					
Charges/Interest		<u>2.36</u>	<u>2.32</u>	<u>2.32</u>	<u>2.32</u>
<b>Total</b>		<u>2.36</u>	<u>2.32</u>	<u>2.32</u>	<u>2.32</u>

<sup>1/</sup> When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

**VII. Implementation of HIPC Initiative:** Not Applicable

**VIII. Implementation of Multilateral Debt Relief Initiative (MDRI):** Not Applicable

**IX. Implementation of Catastrophe Containment and Relief (CCR):** Not Applicable

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

**Exchange Rate Arrangements:** The exchange rate arrangement is a conventional peg arrangement. The Netherlands Antillean guilder has been pegged to the U.S. dollar at NAf 1.79 per US\$1 since 1971.

**Last Article IV Consultation Discussions:** The Executive Board concluded the 2016 Article IV Consultation Discussions with Curaçao and Sint Maarten on July 27, 2016, on the basis of IMF Country Report No. 16/276.

**Technical Assistance:** Sint Maarten—Macro-Fiscal Framework (Department: WHD, 2018–ongoing)

## STATISTICAL ISSUES

(As of December 10, 2018)

<b>I. Assessment of Data Adequacy for Surveillance</b>	
<b>General:</b> Data provision has serious shortcomings that hamper surveillance. National Accounts data remain of limited quality, using CPI to deflate nominal GDP. Fiscal reporting standards need improvement, including to adopt the <i>Government Finance Statistics Manual</i> (GFSM).	
<b>National Accounts:</b> Data are compiled by the Central Bureau of Statistics (CBS) in Curaçao and the Department of Statistics in Sint Maarten. Both countries compile annual estimates of GDP by production and expenditure with a 9–12-month lag. The CBS plans to disseminate revised current and constant 2010 price estimates of GDP by production for 2010–18 by December 2019. In Curaçao, more comprehensive national accounts' aggregates up to net lending/borrowing by institutional sector are disseminated 3–4 years after the reference year.	
<b>Price statistics:</b> Neither country compiles PPIs or XMPIs; Curaçao compiles a monthly CPI and Sint Maarten a bi-monthly CPI. Measures of core inflation are not readily available. For Sint Maarten, there are no data on inflation for 2018 as the Department of Statistics discontinued the CPI processing system in end-2017 and is working on a new system which will be rolled out in January 2019, with the base year of 2018.	
<b>Government finance statistics:</b> The Ministries of Finance of Curaçao and Sint Maarten provide fiscal data that can broadly be bridged to the cash framework of the GFSM format. Fiscal reporting standards are weak, and improvements are needed in mapping and consolidating fiscal data according to the GFSM standards. The authorities do not provide fiscal data to STA. The authorities' reports do not consolidate the social security schemes (administered by the SVB in Curaçao and the SZV in Sint Maarten).	
<b>Monetary statistics:</b> The Centrale Bank van Curaçao en Sint Maarten (CBCS) has reported monetary and financial statistics (MFS) using the Standardized Report Forms (SRFs), which are currently being reviewed to ensure they provide detailed currency and sectoral breakdowns of financial instruments. MFS have not been disseminated by STA since the dissolution of the Netherlands Antilles in October 2010. Data for other financial corporations are not reported. The implementation of a New Chart of Accounts Reporting System for credit institutions in July 2016 resulted in a structural break in MFS.	
<b>Financial Sector Statistics:</b> Financial Soundness Indicators (FSIs) are not reported to STA for publication on the IMF's FSI website. The implementation of a New Chart of Accounts Reporting System for credit institutions in July 2016 resulted in a structural break in FSIs.	
<b>Balance of payments:</b> Balance of payments data are reported to STA on a quarterly basis and international investment position (IIP) on an annual basis, however IIP data are outdated. Data are reported following the sixth edition of the <i>Balance of Payments and International Investment Position Manual</i> , but a key deviation is that offshore sector (flexible corporate structures with little or no physical presence) is not covered. Monthly data on the official reserves position are reported to STA with a lag of one month. Authorities also report weekly data on their national website. In addition, the authorities participate in the Coordinated Direct Investment Survey and Coordinated Portfolio Investment Survey.	
<b>II. Data Standards and Quality</b>	
Not a General Data Dissemination System participant.	No data ROSC is available.
<b>III. Reporting to STA</b>	
Standard report on the balance of payments is reported to STA on a quarterly basis.	

**Curaçao and Sint Maarten: Table of Common Indicators Required for Surveillance**  
(As of December 10, 2018)

	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	11/18	12/10/2018	Weekly	Weekly	Monthly
Reserve/Base Money	9/18	10/23/18	Monthly	Monthly	Monthly
Broad Money	9/18	10/23/18	Monthly	Monthly	Monthly
Central Bank Balance Sheet	9/18	10/23/18	Monthly	Monthly	Monthly
Consolidated Balance Sheet of the Banking System	9/18	10/23/18	Monthly	Monthly	Monthly
Interest Rates 1/	9/18	10/23/18	Monthly	Monthly	Monthly
Consumer Price Index	9/18 (CUW) 12/17 (SXM) 2/	10/23/18	Monthly	Monthly	Monthly
Revenue, Expenditure, Balance and Composition of Financing—General Government 3/	2017	10/23/18	Annual	Annual	Annual
Revenue, Expenditure, Balance and Composition of Financing—Central Government	9/2018	10/23/18	Quarterly	Quarterly	Quarterly
Stocks of Central (or General) Government and Central- (or General-) Government guaranteed debt 4/	2017	10/23/18	Annual	Annual	Annual
External Current Account Balance	Q2 2018	11/06/18	Quarterly	Quarterly	Quarterly
Exports and Imports of Goods and Services	Q2 2018	10/23/18	Quarterly	Quarterly	Quarterly
GDP/GNP	2017	10/23/18	Annual	Annual	Annual
Gross External Debt	2017	10/23/18	Annual	Annual	Annual
International Investment Position 5/	2017 (CUW) 2016 (SXM)	10/23/18	Annual	Annual	Annual

1/ Both market-based and officially-determined.

2/ The Sint Maarten Department of Statistics discontinued the CPI processing system in end-2017 and is working on a new system which will be rolled out in January 2019, with the base year of 2018.

3/ The general government consists of the central government and the social security funds.

4/ Including currency and maturity decompositions.

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

## COLLABORATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

As of December 18, 2018, Sint Maarten has collaboration with The World Bank Group.

Further information can be obtained from the following hyperlinks:

- <http://www.worldbank.org/en/country/sintmaarten>
- [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact= SX](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact= SX)

<b>World Bank Projects in Sint Maarten</b> (As of December 18, 2018)			
<b>Project Title</b>	<b>Commitment Amount (US\$ millions)</b>	<b>Status</b>	<b>Approval Date</b>
Emergency Recovery Project I	55.2	Active	July 10, 2018
Emergency Income Support and Training Project	22.5	Active	August 2, 2018
Hospital Resiliency & Preparedness Project	25.0	Active	August 16, 2018
Emergency Debris Management Project	25.0	Pipeline	
Enterprise Recovery Project	35.0	Pipeline	

Source: The World Bank.

Note: For active and closed projects, the commitment amount at Board approval is shown in US\$ millions. This does not reflect any cancellations. Proposed (pipeline) and dropped projects show the forecast amount. The commitment amount for projects in the pipeline is indicative and may be modified during the project preparation.

For further updates, see: [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact= SX](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact= SX).