



Press release 2020-021

“CONTRACTION CAUSED PRIMARILY BY THE REFINERY”

Protracted recession in Curaçao continued in 2019

Willemstad/Philipsburg – “The protracted recession in Curaçao continued in 2019 as real GDP dropped by 3.4%, following a contraction of 2.2% in 2018,” Centrale Bank van Curaçao en Sint Maarten (CBCS) interim president Dr. Jose Jardim stated in the central bank’s 2019 annual report. “The manufacturing sector was primarily accountable for the decline of real GDP in 2019. Furthermore, activities dropped in the wholesale & retail trade, and transport, storage & communication sectors”, Dr. Jardim explained. “Meanwhile, inflation in Curaçao remained unchanged at 2.6% in 2019 as in 2018. The increase in average consumer prices reflected increases in excises and sales tax introduced in September 2019. However, a decline in international oil prices moderated the rise in average consumer prices”, he added.

“Real output dropped significantly in the manufacturing sector in 2019 due mainly to lower production at the Isla refinery because of the international trade sanctions imposed on the Venezuelan parent company, PDVSA,” Dr. Jardim explained. He added that an increase in ship-repair activities after the shipyard expanded its capacity with two floating docks at the end of 2018 moderated, however, the contraction in manufacturing. “Real value added dropped in the wholesale & retail trade sector on the back of lower private consumption, moderated by increased re-exports by the free-zone companies and more tourism spending. The negative outcome in the transport, storage & communication sector was ascribable to a decline in harbor activities, reflected by a drop in the number of tankers and freighters piloted into the port and fewer cargo and container movements. However, an increase in the number of cruise calls dampened the decline in harbor activities. Air transportation activities of local carriers dropped also because of the demise of the domestic airline, InselAir, in February 2019. By contrast, airport-related activities rose as reflected by an increase in total passenger traffic and the number of commercial landings”, Dr. Jardim continued.

Dr. Jardim pointed out that activities increased, however, in the restaurants & hotels, utilities, construction, and financial intermediation sectors. “The buoyant performance of the

restaurants & hotels sector was supported by an increase in both stay-over and cruise tourism, while growth in the utilities sector was driven by higher electricity production moderated by a decline in water production”, he explained. “Real output rose in the construction sector but less than in 2018, sustained by construction projects in the tourism, real estate, ship repair and utilities sectors, while other major construction projects, such as the hospital, were finalized. Meanwhile, the positive contribution of the financial intermediation sector to GDP stemmed from domestic financial services only as real value added from international financial services dropped”, Dr. Jardim concluded.

The complete text of the Report of the President and the Bank’s 2019 Annual Report can be viewed on the Bank’s website at www.centralbank.cw under the Publications section.

Willemstad, July 23, 2020

CENTRALE BANK VAN CURACAO EN SINT MAARTEN