



Fact sheet

Willemstad, 2020

Gross Domestic Product (GDP)

The Gross Domestic Product (GDP) is the total value of all goods and services produced in a country in a given period (usually a year).

GDP is an important indicator of a country's economic performance.

There are three methods for calculating GDP:

- **The expenditure approach**
GDP is the sum of total consumer spending, investments, government spending and net exports of goods and services (or the value of exports minus imports).
- **The value added or production approach:**
GDP is the sum of the value added of all sectors of the economy. The value added is the total value of the goods and services produced minus the value of the inputs used in production.
- **The income approach:**
GDP is the sum of the primary incomes in a country. The primary income includes wages, lease, rent, interest and profit.

A distinction is made between nominal GDP and real GDP. The nominal GDP is calculated with the prices that apply in the period of measurement. To calculate the real GDP, nominal GDP is adjusted for inflation (or price increases). Real GDP is a better indicator of a country's economic performance because it corrects for the change in prices of goods and services. Real GDP therefore gives an indication of the volume of goods and services produced and the purchasing power.

When GDP increases in one year compared to the previous year, there is economic growth. However, if GDP decreases, there is a contraction.

Example:

In 2017, the nominal GDP of Country X was NAf.5.0 billion and in 2018 it increased to NAf.5.2 billion. This means that nominal GDP increased by 4% in 2018 compared to 2017. So, the GDP increased in nominal terms.

In case the GDP is however corrected for inflation, then the real GDP of country X would have been in 2017 NAf.4.9 billion and in 2018 NAf.4.9 billion (expressed in prices of 2010). Hence, the real GDP dropped by 1%. In other words, there was a real GDP contraction in 2018.



Centrale Bank van Curaçao en Sint Maarten

The CBCS calculates the real growth of the economy of Curaçao and Sint Maarten on a quarterly and annual basis. These are published in the Quarterly Bulletin and the Annual Report of the CBCS.