



**Press release 2020-013**

### **Response to media reports regarding foreign exchange reserves**

Willemstad/Philipsburg – The *Centrale Bank van Curaçao en Sint Maarten* (CBCS) has recommended the governments of Curaçao and Sint Maarten to invoke article 36 of the Charter for the Kingdom of the Netherlands in order to obtain aid from the Netherlands for financing the national budgets, safeguarding employment, and - if needed - financing the balance of payments.

The foreign exchange reserves are managed by the CBCS, who must ensure a sufficient supply of foreign exchange for the unhampered execution of foreign transactions. By doing so, the confidence in the fixed peg of the NAf to the US dollar can be maintained. Thus, contrary to what certain media are proposing, foreign exchange reserves cannot serve to finance the support programs.

Furthermore, the support programs of the countries Curaçao and Sint Maarten are aimed at maintaining a certain level of spending to meet the minimum needs of affected citizens and companies, which - through imports - causes pressure on the foreign exchange reserves.

However, by receiving funding from abroad, in particular the Netherlands, for financing of the support programs, a compensating foreign exchange inflow is ensured. Prior to the closing of the borders, the import coverage was 3.8 months, which is a comfortable level. After having received the first instalment of the liquidity support from the Netherlands, the import coverage even exceeded temporarily 4 months of imports.

“CBCS is committed to safeguarding the stability of the peg of the NAf to the US dollar and will use all necessary instruments to that purpose, as was successfully done in the past”, according to the acting CBCS-president, Mr. Jose Jardim. CBCS will thus continue its efforts to finance the economy, without failing its primary monetary task. The measure implemented by the CBCS on March 20, whereby foreign exchange licenses are no longer granted for capital transactions that result in an immediate drop in foreign exchange reserves, remains in effect until further notice. Depending on the further developments, additional measures may be announced.

“CBCS will also assist the countries in drafting a plan for financial-economic recovery geared at enhancing the competitiveness of the monetary union as well as strengthening the sustainability of the public finances of both countries”, said Mr. Jardim.

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CENTRALE BANK VAN CURACAO EN SINT MAARTEN