



Persbericht 2013-002

Dr. Emsley Tromp on economic developments in 2012:

Economic contraction in Curaçao, growth in Sint Maarten

Willemstad/ Philipsburg - The new countries Curaçao and Sint Maarten are still facing a considerable amount of challenges. Sustainable economic growth remains imperative for long term employment, healthy government finances and prosperity. However, a strong recovery of the world economy remains absent, hampering growth prospects for Curaçao and Sint Maarten for the near future. This is stated by Dr. Emsley Tromp of the Centrale Bank van Curaçao en Sint Maarten (CBCS) in the Report of the President of the annual report 2012.

In 2012, the Curaçao economy contracted by 0.1%, following an expansion on 0.6% in 2011. The economic contraction was accompanied by an elevated inflation rate of 3.2%, up from 2.3% a year earlier, mainly caused by an increase of the sales tax rate. In contrast, in Sint Maarten, real GDP grew by 1.5% in 2012. Consumer price inflation eased to 4.0% against 4.6% in 2011, caused mainly by a deceleration of international oil prices.

Curaçao

The economic contraction in Curaçao was largely caused by a fall in domestic demand, both private and public. Private demand shrank because of less private consumption as a result of the increased inflationary pressures. Private investment, on the other hand, recorded a moderate growth led by investments in the refinery and the utility sector in 2012. Meanwhile, public demand fell, as a result of declines in both government consumption and investment. The contribution of net foreign demand to growth was positive in 2012, as export growth outpaced the rise in imports.

The poor economic performance in Curaçao was largely the result of a contraction in the manufacturing and construction sectors combined with weakened activities in the wholesale and retail trade sector. The slowdown in the wholesale and retail trade sector was attributable to the decline in domestic spending, mitigated by increased re-exports by the free-zone companies and the buoyant tourism industry. The positive outcome in the tourism industry, as a result of a rise in both stay-over and cruise tourism, contributed to a growth in the restaurants and hotels and transport, storage & communication sectors. The expansion in the transport, storage & communication sector was the result of increases in both air and sea transportation activities. In contrast, activities in the financial services sector weakened in 2012, as was also the case in 2011, due mainly to the declining trend in international financial services.

Sint Maarten

In Sint Maarten, 2012's real GDP expansion stemmed primarily from a growth in the restaurants & hotels and transport, storage & communication sectors. The restaurants & hotels sector

performed well during 2012 as a result of an increase in both stay-over and cruise tourism. Real value added in the transport, storage & communication sector rose due to increased activities in both air and sea transportation. The growth in stay-over arrivals contributed to more passengers handled at the airport, while the harbor of Sint Maarten registered an increase in the number of ships piloted into the port and a rise in cargo movements. However, growth in the construction sector of Sint Maarten was flat in 2012 as an increase in public construction projects, including a public housing project, was offset by a decline in private investment projects.

CENTRALE BANK VAN CURACAO EN SINT MAARTEN

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