



Press release

February 16th, 2022

Cft: “Use economic recovery to strengthen Curaçao’s economy in a sustainable way”

Willemstad - With the recovery of tourism, the economy is also picking back up. Curaçao needs to utilize this period of recovery to structurally reform and sustainably strengthen the economy. The Board of financial supervision Curaçao and Sint Maarten (Cft) has insisted on this matter in its recent talks with the government of Curaçao. Although the economy is recovering, the challenges for Curaçao remain substantial. Curaçao has to turn the deficit on the regular service into a surplus, bring the national debt to an acceptable level and implement reforms in order to safeguard the social security system for future generations.

According to the Central Bank of Curaçao and Sint Maarten, the year 2021 ended with a real growth of 1.7 percent. For this year the real economic growth is estimated at 6.6%. However, years of economic decline and an increasing public debt have significantly deteriorated the public finances. Curaçao's national debt now amounts to ANG 4.3 billion. Curaçao is facing a significant challenge to reduce its national debt and to bring it to a sustainable level as quickly as possible. A combination of reforms from the National Package (Landspakket), targeted investments and a strict fiscal policy, by means of structurally lowering the public sector’s expenditures and health care should ensure more economic growth and a decrease of the national debt.

2022 Budget and upcoming years

The adopted budget for 2022 shows a deficit of ANG 162 million on the regular service. Cft has emphasized the great importance of achieving a balanced budget in 2023 and a surplus in later years, so that a start can be made on paying off the national debt. For example, a loan of ANG 140 million still proceeding from the debt restructuring in 2010 must be repaid in 2025. On a positive note, Curaçao has been successful in collecting back taxes in the past six months. Also in 2022, in addition to a further increase in tax compliance, the announced restructuring of the tax authorities should result in structurally higher tax revenues.

Reforms and investments

Reforms as agreed in the National Package are essential to increase the growth potential of the Curaçao economy. The opportunities offered by the National Package must be fully utilized to this end and need to be tackled diligently. Targeted investments, such as in the infrastructure, will contribute to sustainable economic growth. The drawing up of a long-term investment plan on the basis of which an integral assessment can be made is indispensable. In consultation with the Netherlands, it will then have to be evaluated whether Curaçao can take out loans for capital investments, in anticipation of the balance on the regular service in 2023.

Care and social security

The Cft has once again emphasized that economizations in care and social security are necessary to guarantee the affordability of the social system for future generations. Curaçao is paying an annual contribution from the budget of ANG 306 million to the social funds and is also obligated to make up for shortfalls in the swing fund. The government has decided in 2021 on 15 measures to ensure that the country will not have to pay an additional contribution this year and the next, in



order to make up for deficits in the social funds. Correct and punctual implementation of these measures is crucial. For subsequent years further deficits in the swing fund are to be expected and further savings will therefore be necessary.

The Cft is also concerned about the unstable financial position of the Curaçao Medical Center (CMC). Cft calls for good and lasting agreements to be made between the country, the Social Insurance Bank and the CMC. In addition, Cft once again recalls the agreement that the higher operating costs of CMC are to be compensated with efficiency measures in the healthcare sector. The progress in the implementation of these measures is too limited and the Cft once again calls for savings on - for example - medicine costs and also to speed up the necessary legislative process in order to quickly achieve tangible results.

The Cft visited Curaçao from February 14th to 16th and held conversations with the Governor, the Minister of Finance, the Minister of Health, Environment and Nature, the Minister of Transport, Transport and Spatial Planning, the Council of Ministers and the Parliamentary Finance Committee. The Cft also spoke with the management of the CMC and the CBCS.

On February 15th Cft Bonaire, Sint Eustatius and Saba (Cft BES) had a virtual meeting with the Executive Council of Bonaire.

Recently, two new members joined the Boards, namely Mr. Hans Hoogervorst as a member upon proposal of the Netherlands for the Board of financial supervision Aruba, Cft Curaçao and Sint Maarten and Cft BES and Ms. Julisa Frans as a member upon proposal of Sint Maarten for Cft Curaçao and Sint Maarten.

[End of press release]

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Caption:

Curaçao needs to realize a balanced regular service in 2023 and a surplus in the years thereafter.

Note for the editing department – not for publication

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