



Press release

June 19th, 2019

Cft: 'Curaçao is facing a major challenge'

Willemstad - The deficit of Curaçao for 2018 of ANG 53 million threatens to increase further and become considerably higher than was anticipated until recently. For 2019, the Board of financial supervision Curaçao and Sint Maarten (Cft) is taking into account a shortfall of more than ANG 100 million due to financial setbacks. The Cft ascertains that Curaçao is taking steps to improve its tax collection. At the same time, effective measures to reduce expenditures are still not being executed. Reducing expenditures is necessary and urgent, both to decrease the considerable deficits and to control the risks of the dwindling foreign exchange stock of Curaçao.

The Curaçao economy has been shrinking for a number of years now. The situation in Venezuela can be held accountable for this, but similarly the absence of structural economic reforms is hindering the growth of the Curaçao economy. The government of Curaçao is spending too much - the total spending of the collective sector of Curaçao amounts to no less than 51 percent of GDP – and Curaçao is in the disturbing and unsustainable situation of economic contraction, current account deficits and deficits in the government budget. The country faces a major challenge to get the finances in order and to implement economic reforms. The government of Curaçao, the employers and the trade unions have a joint responsibility to ensure that this task is realized.

The Cft expects that due to setbacks, the deficit for 2019 may increase further to more an amount of than ANG 100 million. Previously announced measures aimed at reducing the deficit, such as the commitment stop and preceding financial supervision, prove insufficiently effective. The improvements in financial management are also lagging behind. Curaçao can no longer wait to take measures with direct and permanent attention in order to get its finances in order and to reduce government expenditure. A reduction in expenditure is not only necessary to reduce the deficits and to not allow the debt to further increase; it also contributes to improving the vulnerable situation of the diminishing foreign exchange stock of Curaçao.

During the visit of Cft to Curaçao, the urgency with which the various measures have to be implemented was discussed. Special attention was paid to measures aimed at controlling healthcare costs and retirement provision, seeing that in the coming years rapidly increasing deficits can be expected in the social funds. The Cft is also concerned about the costs of the new HNO hospital. The Cft asks Curaçao to take the measures that are necessary to avoid healthcare costs to rise unnecessarily. This regards both measures with regard to control of the costs related to the transition and the financing of the HNO, and the realization of savings in healthcare

In October 2018, Curaçao entered into an agreement with the Cft to improve the financial management and to work towards an unqualified auditors' report on the 2021 annual accounts. The implementation of this improvement process is lagging behind and needs to be undertaken with determination.

The Cft visited Curaçao from June 17th to 19th, where it had meetings with the Governor, the Minister of Finance, the Council of Ministers, the financial committee of Parliament, Refineria di Kòrsou, the social partners (VBC, Chamber of Commerce and trade union central councils), the Tax Department and the Social Insurance Bank.



[End of Press release]

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Caption:

Reducing expenditures is necessary and urgent.

Note for the editing department – not for publication

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