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# **Staff Country Reports**

**Kingdom of the Netherlands—Netherlands Antilles: Selected Issues  
and Statistical Appendix**

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INTERNATIONAL MONETARY FUND  
KINGDOM OF THE NETHERLANDS—NETHERLANDS ANTILLES

**Selected Issues and Statistical Appendix**

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Approved by the European I Department

May 19, 2003

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## **I. ECONOMIC GROWTH IN SMALL ISLAND ECONOMIES<sup>1</sup>**

1. The Netherlands Antilles have experienced a sharp decline in growth since the middle of the last decade. This prolonged underperformance has triggered a renewed interest in policies needed to boost growth. In this context, some observers have adopted a pessimistic stance, noting other small island economies' size and lack of production diversification, and inferred causality between those characteristics and the growth performance. While this hypothesis is plausible, the experience of some islands—such as Bermuda, the Bahamas and Aruba, which are among the highest per capita income economies, as well as the strong growth performance of the Netherlands Antilles up to the 1990s—warrants a further examination of the issue, however.

2. Against this background, this chapter finds that small island economies as a group grew faster than the rest of the world during the 1960-1985 period studied. Furthermore, the paper analyzes whether small island economies respond to the same set of growth determinants as other economies, and concludes that growth is determined by the same factors and macroeconomic policy choices. The paper thereby complements recent research that has found that output volatility of Caribbean countries is not any different from the rest of the world (Berezin, Salehizadeh and Santana (2002)).

3. The chapter is organized as follows: Section A presents possible economic challenges that small island economies might face due to their size; Section B reviews the relevant empirical literature; Section C tests for the differences in long-term growth determinants; and Section D offers some concluding remarks.

### **A. Possible Economic Challenges for Small Island Economies in Theory**

4. Diseconomies of scale are the most frequently mentioned growth impediment for small island economies (Srinivasan (1986)). Several channels have been identified. First, size-related externalities could result in lower endogenous growth. If the amount of exports depends on the experience gained from sales in the domestic market, and if the volume of exports has positive externalities on productivity growth (learning-by-doing, Krugman (1980)), then small countries' growth would be lower. Also, a small domestic market might imply an elevated cost structure compared to other economies, as it could contribute to a large number of monopolies, if companies find it difficult to break out of the increasing returns to scale range of their production technology. On the other hand, for tradable goods

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<sup>1</sup> Prepared by Pawel Dyczewski

this effect may provide more incentives to integrate the economy into more competitive international markets, thereby benefiting from the positive effect of trade on income.<sup>2</sup>

5. Natural disasters, external economic developments, as well as limitations on independent macroeconomic policy choices may make small island economies more vulnerable. A large number of island economies are located in earthquake- or hurricane prone areas. Moreover, natural disasters may well exact a greater toll on their economies than on large countries, as the islands' small size limits scope for domestic risk sharing. Similarly, a relatively undiversified production and dependence on export income might expose small island economies to a greater degree to external demand shocks. On the other hand, the reliance of some island economies on the relatively stable tourism industry might make their growth path less volatile.<sup>3</sup> The usually high openness of island economies also limits the effectiveness of macroeconomic policy responses to such shocks. For example, fiscal policy will be less effective because of the attendant small multiplier effect. Finally, repeated occurrences of natural disasters might have an effect on long term growth by redirecting available investment into reconstruction efforts instead of new capital formation.

6. The establishment of high-quality public institutions might prove more difficult in small islands. Recent studies have highlighted the linkages between the quality of public institutions and economic development (Barro (1997), Esfahani (2000), Norton (2003)). With many small islands having had a colonial past, recent research by Acemoglu, Johnson and Robinson (2000) offers some important insights. They suggest that colonial past, and, in particular, the barriers to European settlement, predetermined the institutional framework, which in turn shaped economic development. Colonies that were far away from Europe and were harder to settle (due to climate, for example) did not develop institutions fostering growth. Colonial powers instead focused on establishing institutions maximizing exploitation, which has burdened economic development to this day. These findings may, however, be balanced by the observation that some institutions, specifically set up to exploit peculiarities of small island economies—like offshore financial services—have in the past helped some of them—including the Netherlands Antilles—record large rates of growth. Another characteristic of many ex colonies are special relationships with the former colonial powers. For instance, the Netherlands Antilles is part of a large labor market through free mobility to the Netherlands (and the EU). However, the effects of this arrangement on growth

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<sup>2</sup> Brunner (2003) finds that trade has a significantly positive effect on income levels (a one percentage point change in the trade share permanently increases average income by between 0.7 to 1.2 percent) and a significant, albeit small effect on income growth (a one percentage point change in the trade share permanently increases income growth by 0.03 percent).

<sup>3</sup> Berezin, Salehizadeh and Santana (2002), show that export earnings in the Caribbean are no more volatile than elsewhere, reflecting the fact that most export earnings are generated from service exports, which are less volatile than goods exports.

are ambiguous (SM/01/73). Another example are the benefits accorded through the Cotonou Agreement, which provides preferential market access to the EU.

7. Geographical endowments may also be important for growth. The remoteness of a number of small islands could burden them with high—and trade-diminishing—transport costs. On the other hand, sea transport is less expensive than other modes, and small islands are arguably better placed than remote landlocked countries. Moreover, geographic factors are by their very nature not uniformly distributed over all small islands. A case in point are climate and sandy beaches, which are essential for the development of the tourism sector.

8. The theoretical literature thus does not provide a clear cut case to assess the growth performance of small islands. While some factors such as diseconomies of scale likely impede growth, they might at least partially be overcome by appropriate policies. Moreover, other factors such as location and climate could create net beneficial effects. It is, therefore, largely an empirical task to examine the growth performance of small island economies.

## **B. Review of the Empirical Literature**

9. There is relatively little empirical literature on the growth of small island economies. Most studies concentrate on small *economies* without specifically identifying *islands*, so that their results are not readily transferable to small island economies. Moreover, the literature that does focus on small island economies is either based on comparisons of stylized facts or an econometric approach employing “kitchen sink” regressions that are not based on theoretical models and attribute growth to an ad hoc selection of explanatory variables.<sup>4</sup>

10. Salvatore (1997) analyzes the **differences in income levels and growth rates** of small and large countries over the ten-year period 1985-1995 and finds that large countries, as a group, have 25 percent higher incomes than either very small or small countries, although this difference is smaller if one compares only high income countries (Table 1). Furthermore, large countries experienced higher growth rates during the decade in all but the high-income category (Table 2).<sup>5</sup> The study, however, does not attempt to determine causal links between income levels or growth rates and country size.

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<sup>4</sup> For example, Nichols (2001) studies annual per capita economic growth of Caribbean economies during the 1960–1998 period. He specifies economic growth as a function of public expenditure on education, growth of per capita exports, the exchange rate, land area per person, and an AR(1) term. Growth of per capita exports and the AR(1) term are found to be the most important determinants of GDP growth, while all other variables have very marginal effects on GDP growth. However, the lack of underlying fundamental theory and the questionable empirical methodology make these findings hard to interpret.

<sup>5</sup> It is not possible to determine the prevalence of island economies in the small economy sample in Salvatore’s paper.

Table 1. Difference in PPP Per Capita Incomes Among Very Small,  
Small and Large Countries in 1995  
(In units indicated)

	Number of countries	Percent of Total	Range of incomes (in US\$)	Unweighted average income (in US\$)
Very small countries (pop. 1-5 million)	33	30	580 - 23,790	6,619
Developing	21	64	580 - 13,210	3,985
Restructuring	6	18	1,800 - 4,220	2,953
High-Income	6	18	15,680 - 23,790	19,502
Small Countries (pop. 5-16 million)	45	42	540 - 25,860	6,667
Developing	27	60	540 - 11,710	2,689
Restructuring	8	18	920 - 9,770	4,043
High-Income	10	22	12,670 - 25,860	19,860
Large Countries (pop. 30 million or more)	30	28	450 - 26,980	8,623
Developing	19	63	450 - 11,450	4,310
Restructuring	3	10	2,400 - 5,400	4,093
High-Income	8	27	14,520 - 26,980	20,621

Source: Salvatore (1997).

Table 2. Annual Growth of PPP Per Capita Incomes Among Very Small,  
Small and Large Countries between 1985 and 1995  
(In units indicated)

	Number of countries	Percentage of Total	Range of Growth Rates (In percent)	Unweighted Average Growth (In percent)
Very small countries (pop. 1-5 million)	39	34	-15.1 to 6.2	-1.0
Developing	24	62	-5.8 to 6.0	0.6
Restructuring	9	23	-15.1 to 2.7	-7.1
High-Income	6	15	-3.5 to 6.2	1.8
Small Countries (pop. 5-16 million)	46	40	-7.0 to 6.1	-1.2
Developing	28	61	-7.0 to 6.1	-0.5
Restructuring	8	17	-17.0 to -1.0	-7.4
High-Income	10	22	-0.2 to 4.8	1.8
Large Countries (pop. 30 million or more)	29	26	-8.5 to 8.4	1.1
Developing	19	66	-8.5 to 8.4	1.9
Restructuring	3	10	-9.2 to -0.4	-4.9
High-Income	7	24	0.4 to 2.9	1.7

Source: Salvatore (1997).

11. Perkins and Syrquin (1989) give another exposition of the **differences in relative growth rates** between small (which they define as less than 15 million inhabitants) and very



large countries (population above 50 million). During 1960–1980, large countries grew faster than small ones. The better economic performance reflected productivity growth rather than differences in either capital or labor inputs, though (Table 3). Productivity grew on average 1 percentage point per year faster in large countries than in small ones. However, productivity growth in the large countries can be attributed to more than size. Based on a geographical decomposition, the paper finds that productivity growth rates range from over 4 percent in South Asia to -1 percent in sub-Saharan Africa, providing a strong indication of the importance of factors other than size. Unfortunately, the paper does not shed any light as to what other factors beside size might affect productivity, nor does it permit to differentiate the small economies into island economies or non-island economies.

Table 3. Sources of Growth by Country Size<sup>6</sup>  
(In percent)

Country Group of Countries	Average Annual Growth Rate of:					
	GDP		Input		Factor Productivity	
	1960-70	1970-82	1960-70	1970-82	1960-70	1970-82
Very large	5.1	4.23	3.33	3.76	1.77	0.47
Largest 10	5.35	4.95	3.47	4.06	1.88	0.89
Largest 10	5.82	4.37	3.55	4.14	2.26	0.23
Small	4.51	3.54	3.34	3.84	1.17	-0.3

Source: Perkins and Syrquin (1989)

12. Bulmer-Thomas (2001) provides **stylized facts about growth in the Caribbean countries** during the last century. Analyzing growth paths of 28 Caribbean countries during the 20<sup>th</sup> century, the paper finds that during 1900-1960 there has been a strong divergence. The coefficient of variation of per capita income among those countries increased from 0.57 in 1900 to 2 in 1960. From 1960 until the end of the century the coefficient narrows to a level of 1.26 in 1998, showing relative convergence in income levels in the region. The paper also notes a high correlation of GDP growth and export growth in the Caribbean economies. However, since it limits its analysis to Caribbean countries only, it is hard to extend its findings to other small island economies or ideally, to compare their performance with that of the rest of the world.

<sup>6</sup> Factor productivity was calculated using the following growth accounting equation:  $G_Y = MPK \cdot I/Y + E_L G_L + \lambda$ , where  $G_Y$  is the growth rate of GDP,  $MPK$  the marginal product of capital,  $I/Y$  the domestic investment to GDP share,  $E_L$  the elasticity of output with respect to labor,  $G_L$  the growth rate of labor, and  $\lambda$  the residual or growth of total labor productivity. Because data are not available for all these variables, three important assumptions were made: (i) the labor force growth rate was assumed to be the same as the population growth rate of the previous decade, (ii) the share of labor in national income was set at 0.6, and (iii)  $MPK$  set to 0.12.

### C. Empirical Analysis of Growth Determinants in Small Island Economies

13. The studies quoted above address growth of small island economies at best indirectly. Comparisons of stylized facts do not establish causal links. Moreover, these studies cannot readily be interpreted within the context of the advances in the empirical growth literature over the last 15 years, where a structural approach, which analyzes fundamental sources of long-run growth along the lines of the neoclassical Solow-Swan growth model (Barro and Sala-i-Martin (1995)), has emerged as a canonical benchmark. In this section, the paper applies this benchmark econometric approach to analyze the fundamental neoclassical growth determinants of small islands.

14. The Solow-Swan model predicts convergence, i.e., equiproportionate increases in initial GDP per capita and human capital reduce growth due to diminishing returns; the richer the country the slower the growth rate. A set of environmental and control variables determines the steady state output per effective worker. A change in any of these variables—for example, the investment rate or government consumption—changes the steady state. The model implies that in steady state only growth of technological progress affects the long-term growth rate of per capita income. Nevertheless, empirical studies suggest that most world economies are not at steady state, but rather at a convergence stage, during which environmental and control variables do affect the observed growth rate of per capita income.

15. The specific model presented here attributes growth of real per capita GDP to a set of initial conditions: initial per capita GDP, human capital (based on measures of educational attainment and health), and a set of control and environmental variables: physical capital accumulation (investment to GDP ratio); human capital accumulation (government expenditures on education to GDP ratio), quality of institutions (government consumption to GDP ratio, the parallel market premium, and political instability); trade (growth of terms of trade); and an interaction term between human capital and GDP to capture the imbalances between the human and physical capital (see the appendix for a detailed description of the variables). This is the benchmark specification used by Barro and Sala-i-Martin. The regression uses period dummies for years 1970–1974, 1975–1979 and 1980–1984 to account for oil shocks and the subsequent recovery. In addition, an island dummy is included to capture any unique growth impediments faced by small islands. Here, small island economies are defined to have a population below 10 million. This classification, although somewhat arbitrary, falls in between a range of most common classifications for small and large countries, and results in a sufficiently large sample for the statistical analysis.<sup>7</sup> Data are scarce for very small islands.

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<sup>7</sup> The subset of small island economies in this analysis includes: The Bahamas, Barbados, Comoros, Cyprus, Dominica, Dominican Republic, Fiji, Grenada, Haiti, Ireland, Jamaica, Saint Lucia, Mauritius, Malta, New Zealand, Papua New Guinea, Seychelles, Solomon Islands, Trinidad and Tobago, Tonga, Vanuatu, Saint Vincent and Grenadines, and Western Samoa.

16. The data set, developed by Sala-i-Martin,<sup>8</sup> comprises 138 countries and covers the 1960–1985 period in five-year intervals. The objective of the analysis is to determine whether the same growth determinants found in the rest of the world also apply to small island economies. An instrumental variable technique is used. A closer examination of the data set (Table 4) reveals some distinctive characteristics of small island economies. At the end of the sample in 1985, real GDP per capita of island economies was very similar to that of the rest of the world average, but had significantly less variance, pointing to more homogeneity among the island economies. The measures of market distortions (as reflected in the parallel market premium) or political instability imply a somewhat better institutional environment in small island economies compared to the rest of the world. On average, small islands recorded a higher life expectancy as well as elevated government expenditure on education, while government consumption was lower. On the other hand, their population is on average less educated—abstracting from higher female secondary schooling—and investment is lower.

Table 4. Sample Means of Island and Non-island Economies, 1960–1985  
(Standard deviations in parenthesis)

	Non-Islands	Islands
Real GDP per capita (1985 international prices)	2529.8 (2632.2)	2535.8 (1910.9)
Annual real GDP per capita growth rate (in percent)	1.87 (3.36)	2.07 (3.37)
Male secondary years of schooling	0.99 (0.94)	0.95 (0.72)
Female secondary years of schooling	0.72 (0.87)	0.78 (0.78)
Male higher education years of schooling	0.17 (0.19)	0.10 (0.07)
Female higher education years of schooling	0.087 (0.141)	0.047 (0.043)
Life expectancy	55.8 (11.80)	61.8 (9.60)
G-educ./GDP	0.038 (0.017)	0.042 (0.024)
I/GDP	0.180 (0.099)	0.169 (0.071)
G-cons./GDP	0.174 (0.076)	0.161 (0.075)
Log(1+parallel market premium)	0.244 (0.422)	0.159 (0.151)
Political instability	0.098 (0.172)	0.049 (0.085)

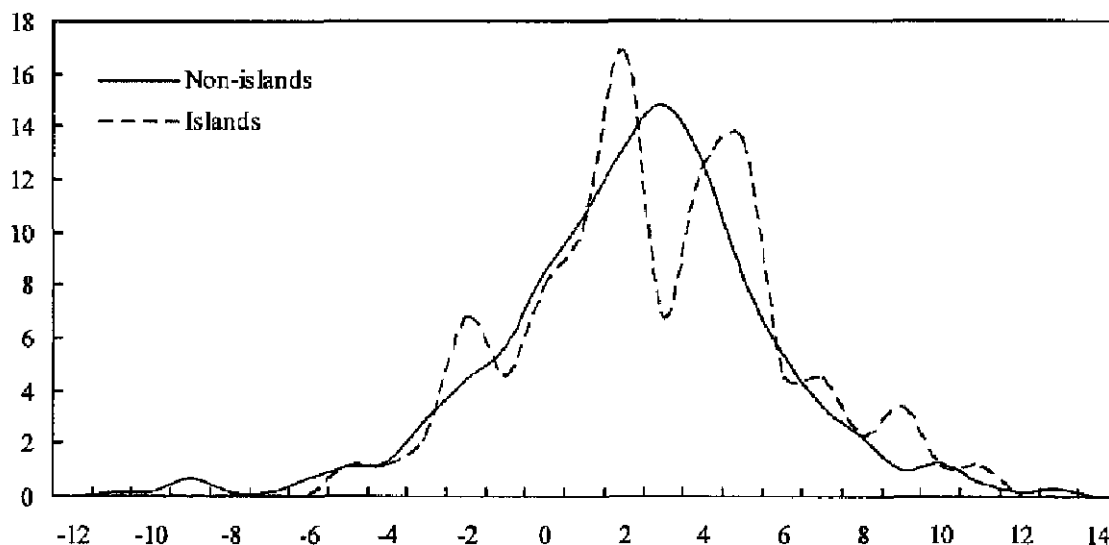
Source: Staff calculations on data compiled by Barro and Sala-i-Martin: <http://www.columbia.edu/~xs23/data.htm>

17. Over the 1960–1985 period, island economies grew on average at 2.07 percent per year, or 0.2 percentage points faster than non-island economies, putting in perspective Salvatore's (1997) results that small economies during this period grew on average slower

<sup>8</sup> <http://www.columbia.edu/~xs23/data.htm>

than large ones, and attesting to the difference between small economies and small island economies. However, Figure 1 depicts a bimodal distribution of small islands' per capita growth rates over the sample period, with two distinct growth clusters, one below and one above the mean growth rate for the rest of the world.

Distribution of Growth Rates for Island and Non-Island Economies 1/  
(In Percent)



1/ Average annual growth rates for the five-year periods: 1960-1964, 1965-1969, 1970-1974, 1975-1979, and 1980-1984.

18. The regression results (Table 5) indicate that after accounting for the effects of policies and environmental variables, small island economies are not unique in their growth paths. Column 1 replicates the results in Barro and Sala-i-Martin (1995). Column 2 extends the Barro and Sala-i-Martin results by including the wider sample.<sup>9</sup> Period dummies are also introduced, which aside from improving fit increase the coefficients on male secondary education and life expectancy while at the same time lowering the effect of government investment and spending on education. The convergence of growth rates predicted by the Solow-Swan model is reflected in the negative coefficient on the initial log(GDP) variable. An interesting result is that the coefficient on female years of schooling is negative (although only secondary schooling is significant). In the relevant literature, this finding has been explained by a reference to economic backwardness. If the spread between the female and male educational attainment proxies for a country's economic backwardness—especially through lower female attainment at higher levels of education—then, that country would be farther behind the steady state, and the convergence mechanism would call for higher growth.

<sup>9</sup> Barro and Sala-i-Martin report their regression results for the 1975–1985 period only and limit their panel data to 97 countries (from the total of 138). There are too few island countries in their sample to test the effect of the island dummies.

Table 5. Regression Results for Growth Rate of Real per Capita GDP  
(Standard errors in parenthesis)

	(1)	(2)	(3)
Log(GDP)	-0.0261 ** (0.0031)	-0.0322 ** (0.0051)	-0.0326 ** (0.0052)
Male secondary years of schooling	0.0164 * (0.0058)	0.0197 ** (0.0057)	0.0193 ** (0.0058)
Female secondary years of schooling	-0.0090 * (0.0070)	-0.0207 ** (0.0077)	-0.0203 ** (0.0077)
Male higher education years of schooling	0.0500 (0.0300)	0.0210 (0.0243)	0.0206 (0.0244)
Female higher education years of schooling	-0.0790 (0.0400)	-0.0143 (0.0304)	-0.0152 (0.0305)
Log(life expectancy)	0.0640 ** (0.0140)	0.1060 ** (0.0230)	0.1086 ** (0.0236)
Log(GDP)*human capital	-0.2900 ** (0.1070)	0.0001 (0.0002)	0.0001 (0.0002)
G-educ./GDP	0.2290 ** (0.1090)	0.5508 * (0.2180)	0.5627 ** (0.2196)
I/GDP	0.0240 (0.0250)	0.0469 (0.0403)	0.0446 (0.0412)
G-cons./GDP	-0.1130 ** (0.0280)	-0.1339 ** (0.0459)	-0.1372 ** (0.0467)
Log(1+parallel market premium)	-0.0299 ** (0.0083)	-0.0199 * (0.0091)	-0.0199 * (0.0091)
Political instability	-0.0329 (0.0183)	0.0324 (0.0300)	0.0325 (0.0301)
Growth rate, terms of trade	0.1080 * (0.0380)	0.0628 * (0.0301)	0.0623 * (0.0302)
Constant	-0.4523 * (0.1821)	-0.1662 * (0.0764)	-0.1730 * (0.0778)
Island dummy			<b>-0.0046</b> (0.0089)
Period dummy(1970-1974)		-0.0141 ** (0.0055)	-0.0140 * (0.0055)
Period dummy(1975-1979)		-0.0134 * (0.0055)	-0.0132 * (0.0056)
Period dummy(1980-1984)		-0.0380 ** (0.0056)	-0.0377 ** (0.0057)
R-sq:	0.51	0.3914	0.3902
Number of Observations	97	138	138

Source: Staff calculations. Data compiled by Barro and Sala-i-Martin: <http://www.columbia.edu/~xs23/data.htm>

\*\* significant at 1 percent

\* significant at 5 percent

19. Turning to potential peculiarities of small islands, column 3 extends the results by including dummies for island economies. The small-island dummy variable does not have any explanatory power. Moreover, the inclusion of the island dummy variable does not

change the estimated coefficients of most of the other variables. The coefficient on initial GDP implies that convergence occurs at a rate of 3.26 percent per year. This magnitude of convergence is similar to those reported in other growth studies (Mankiw, Romer, Weil (1992)), albeit somewhat higher than the original Barro and Sala-i-Martin result from their limited sample.

20. Shifting focus to the impact of policies, Table 6 presents the contributions of the right hand side variables, evaluated at their sample means, to the growth of island and non-island economies, respectively. Notwithstanding the estimated negative effect of female secondary schooling (see above), joint male and female educational attainment (adding the two contributions together) has a positive effect implying that an additional year of secondary schooling adds 0.5 percentage point to the annual GDP per capita growth rate. Government expenditure on education also has a considerable positive effect, that for small islands outweighs the drain of government consumption on growth. Moreover, the general contribution of human-capital-raising policies to growth is probably understated, as it is impossible to attribute higher life expectancy (a very important growth determinant) to underlying policies. Finally, fewer policy distortions, as revealed in the parallel-market premium, mitigates their adverse growth effects in small island economies.

Table 6. Contribution to Growth for Island and Non-Island Economies  
(In percentage points)

	Non-Islands	Islands
Male secondary years of schooling	1.90	1.83
Female secondary years of schooling	-1.46	-1.57
Male higher education years of schooling	insignificant	insignificant
Female higher education years of schooling	insignificant	insignificant
G-educ./GDP	2.16	2.34
I/GDP	insignificant	insignificant
G-cons./GDP	-2.39	-2.21
Log(1+parallel market premium)	-0.49	-0.32
Political instability	insignificant	insignificant

Source: Staff calculations. Data compiled by Barro and Sala-i-Martin: <http://www.columbia.edu/~xs23/data.htm>

#### D. Concluding Remarks

21. A number of theoretical arguments as well as statistical evidence have been advanced in the past to suggest that there are unique impediments to growth for small island economies. Diseconomies of scale, natural disasters, poor public institutions, and small domestic markets for example, have all been quoted as potential hindrances to the development of these economies. However, these arguments are theoretically ambiguous, and so far empirically untested. Against this uncertain background, this chapter has sought to verify whether the same determinants of long-term growth apply to small island economies and other countries. To this end, the paper assessed the development characteristics of small

island economies and investigated the growth determinants using well-established long-term growth models.

22. The empirical evidence implies that the growth and policy performance of small island economies is not very different from the rest of the world. They have on average similar GDP per capita, similar education standards and slightly higher life expectancy. Contrary to popular belief, small island economies experienced less political instability and economic distortions during the 1960-1985 period studied, and they have grown on average faster than the rest of the world. Most importantly, though, the paper suggests that there are no unique growth impediments for small islands, and that economic policies have on average been in line with those pursued in the rest of the world.

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## **Description of the Data**

### **Initial Per Capita GDP (log(GDP))**

The variable log(GDP) is an observation of the log of real per capita GDP. It represents initial income, in line with neoclassical models suggesting faster convergence for low income countries. In the regression, log(GDP) lagged five years is used as an instrument. The use of instrumental variable technique is necessary since contemporaneous variables used here are not independent of the error terms. This instrumental procedure lessens the tendency to overestimate the convergence rate because of temporary measurement error in GDP.

### **Educational Attainment (male secondary years of schooling, female secondary years of schooling, male higher education years of schooling, female higher education years of schooling)**

The school-attainment variables are years of schooling observed at the start of each five year period.

### **Life Expectancy (log(life expectancy))**

The variable is defined as an average life expectancy at birth prevailing over the five years prior to the start of each period.

### **Public Spending on Education (G-educ./GDP).**

The variable G-educ./GDP is the average value over each five-year period of the ratio of nominal government spending on education to nominal GDP. The corresponding instrument is the average value of the ratio over the preceding five years.

### **Investment Ratio (I/GDP).**

The ratio of real gross domestic investment (private plus public) to real GDP, I/GDP, enters into the regressions as a period average. The corresponding instrument is the average value of the ratio over the preceding five years.

### **Government Consumption (G-cons./GDP).**

The variable G-cons./GDP is the average over each five year period ratio of real government consumption to real GDP less the ratio of nominal spending on defense and non-capital expenditures on education to nominal GDP (the data do not contain deflators for spending on defense and education). The associated instrument for G-cons./GDP is the average value prevailing in the preceding five years .

### **Parallel-Market Premium on Foreign Exchange. (log(1+ parallel market premium))**

The variable log(1 + parallel-market premium) is an average for each period. The average value of the premium over the preceding five years is used as an instrument.

### **Political Instability**

The political-instability variable is the average over each period of revolutions per year and political assassinations per million inhabitants per year.

**The Terms of Trade (growth rate, terms of trade).**

The growth rate of the terms of trade is viewed as exogenous and therefore enters as its own instrument.

Table 1. Netherlands Antilles: The Composition of GDP, 1992–1997  
(In millions of NA f.)

	1992	1993	1994	1995	1996	1997
Enterprises	2975.1	3141.7	3379.9	3480.8	3644.0	3789.0
Agriculture	26.5	33.1	34.5	31.8	28.3	28.7
Manufacturing	258.1	243.2	266.0	281.8	303.9	271.0
Utilities	157.1	135.7	121.8	165.2	168.9	194.4
Construction	227.8	237.5	237.2	286.9	314.4	330.6
Trade	783.2	786.0	845.0	841.4	924.2	926.4
Hotels and restaurants	169.2	199.2	208.9	224.3	173.8	163.2
Transport, storage, and communication	429.3	492.1	605.0	553.4	470.6	500.1
Financial intermediation	363.2	403.9	389.0	401.9	519.4	538.7
Real estate, renting, other business and education	434.2	496.1	510.9	542.9	567.9	634.4
Health care and social services	128.6	157.1	177.5	188.0	199.8	199.5
Other community and personal services	143.1	120.1	171.5	155.3	167.3	196.8
Households employment	19.7	20.3	24.0	27.0	26.7	26.9
Minus interest margin banks	164.9	182.6	211.4	219.1	221.2	221.7
Government	601.1	669.1	714.8	743.2	778.4	748.1
GDP	3576.2	3810.8	4094.7	4224	4422.4	4537.1

Source: Data provided by the Netherlands Antilles authorities.

Table 2. Netherlands Antilles: Components of Aggregate Demand, 1992–1997  
(In millions of NA f.)

	1992	1993	1994	1995	1996	1997
Total consumption	2,953.0	3,218.5	3,632.9	3,986.3	3,983.7	3,845.5
Private consumption	2,054.3	2,179.1	2,534.0	2,839.0	2,790.7	2,719.5
Public consumption	898.7	1,039.4	1,098.9	1,147.3	1,193.0	1,126.0
Gross fixed investment	810.1	809.8	788.4	878.8	1,085.1	897.9
Private sector	739.5	706.1	695.7	759.2	953.4	818.1
Public sector	70.6	103.7	92.7	119.6	131.7	79.8
Stockbuilding	82.1	14.3	31.7	-3.0	36.8	47.4
Total domestic demand	3,845.2	4,042.6	4,453.0	4,862.1	5,105.6	4,790.8
Exports of goods and services	2,862.3	2,945.6	3,066.8	3,042.0	3,100.5	3,218.3
Imports of goods and services	3,131.3	3,177.4	3,425.3	3,680.1	3,783.7	3,472.0
Foreign balance	-269.0	-326.5	-358.5	-638.1	-683.2	-253.7
GDP	3,576.2	3,810.8	4,094.7	4,224.0	4,422.4	4,537.1
Net factor income from abroad	157.9	157.2	126.2	444.3	112.6	114.4
GNP	3,734.1	3,968.0	4,220.9	4,668.3	4,535.0	4,651.5
Depreciation	410.6	470.8	524.5	540.8	569.9	577.6
Net national income	3,323.5	3,497.2	3,696.4	4,127.5	3,965.1	4,073.9

Source: Data provided by the Netherlands Antilles authorities.

Table 3. Netherlands Antilles: Selected Indicators of Economic Activity, 1992–2002  
(Annual percentage change)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Oil sector											
Production	-5.3	-2.0	-3.7	0.7	-1.3	15.6	2.4	-7.6	6.4	5.4	-16.7
Transshipment	7.6	12.0	26.1	51.9	-12.1	31.5	-13.9	-14.4	19.7	15.5	-24.5
Shipping activity <sup>1</sup>											
Bonaire	27.9	25.0	62.3	6.3	-12.0	73.2	-36.5	-26.0	7.7	6.9	20.4
Curaçao	-7.0	-5.5	-1.8	2.9	-0.9	20.8	13.1	-11.4	-0.2	8.2	6.0
Construction (Curaçao) <sup>2</sup>	37.3	-7.1	-0.8	-2.8	-22.8	112.8	17.3	-14.8	...	...	...
Tourism <sup>3</sup>											
Stay-over tourism	3.0	-4.7	10.0	-12.7	-12.8	9.8	1.7	-2.0	-4.2	-2.5	-1.0
Visitor nights	8.4	5.6	10.3	-3.1	-2.8	-6.0	0.9	-0.1	-1.9	...	...
Cruise tourism	-3.1	30.3	3.8	-16.2	12.8	33.2	0.3	-24.3	43.5	-0.9	17.2
Electricity production	7.5	6.6	4.8	4.4	1.9	2.4	6.2	0.2	0.8	-2.8	2.5

Source: Data provided by the Netherlands Antilles authorities.

<sup>1</sup>Annual tonnage of shipping traffic in Antillean ports.

<sup>2</sup>Value of completed buildings.

<sup>3</sup>Number of visitors.

Table 4. Netherlands Antilles: Basic Data on Stay-Over Tourism, 1992–2002<sup>1</sup>

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
(In thousands)											
Number of visitors											
Bonaire	50.6	55.1	55.8	59.4	65.1	62.8	61.7	61.5	51.3	50.4	52.5
Curaçao	206.9	214.1	226.1	223.8	214.3	205.0	198.6	198.3	191.2	204.6	218.0
St. Maarten	550.2	500.7	564.6	455.8	364.7	439.2	458.5	444.8	432.3	402.6	380.8
Total	807.7	769.9	846.5	739.0	644.1	707.0	718.8	704.6	674.8	657.6	651.3
(Change in percent)	3.0	-4.7	10.0	-12.7	-12.8	9.8	1.7	-2.0	-4.2	-2.5	-1.0
(Percent of total)											
National origin of visitors											
Bonaire											
United States and Canada	43.7	42.6	44.7	45.8	44.8	46.7	46.7	49.0	52.1	54.9	...
Venezuela	11.0	10.8	9.0	8.2	7.0	6.6	8.3	8.2	6.8	6.9	...
Other America	13.5	13.8	14.3	11.3	12.1	11.2	9.8	9.2	5.6	5.3	...
The Netherlands	23.1	22.9	22.8	24.3	26.9	25.9	25.3	24.8	26.0	23.4	...
Other	8.7	9.9	9.2	10.4	9.2	9.6	9.9	8.8	9.5	9.4	...
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...
Curaçao											
United States and Canada	10.1	11.8	16.1	16.9	15.8	15.6	17.6	17.5	17.7	17.5	19.4
Venezuela	14.0	13.7	12.7	13.8	12.5	13.9	16.7	15.5	18.4	16.1	13.9
Other America	38.4	36.3	39.7	34.1	26.5	26.4	23.9	24.2	27.4	27.3	31.4
The Netherlands	29.7	28.7	29.0	29.8	30.9	30.0	28.5	29.3	27.1	27.6	25.3
Other	7.7	9.5	2.5	5.4	14.3	14.1	13.3	13.5	9.4	11.5	10
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
St. Maarten											
United States and Canada	53.2	54.7	53.3	49.7	44.1	48.5	49.7	51.3	50.0	54.1	56.6
Venezuela	1.0	1.9	1.4	0.8	1.0	1.3	1.3	1.3	1.6	1.3	0.9
Other America	9.3	8.2	10.9	12.8	12.7	12.1	12.2	10.6	11.2	11.5	10.7
The Netherlands	3.0	2.3	2.3	2.5	3.0	3.1	3.0	3.1	2.4	2.5	2.4
Other	33.5	32.9	32.1	34.2	39.2	35.0	33.8	33.7	34.8	30.5	29.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank van de Nederlandse Antillen, Quarterly Bulletin.

<sup>1</sup>Foreigners staying longer than 24 hours.

Table 5. Netherlands Antilles: Cruise Tourism, 1990–2002  
(Number of passengers)

	Bonaire	Curaçao	St. Maarten	Total	(Change in percent)
1990	4,480	158,552	514,974	678,006	10.4
1991	12,476	156,608	502,214	671,298	-1.0
1992	28,176	161,095	469,667	658,938	-1.8
1993	17,604	181,241	659,943	858,788	30.3
1994	11,902	160,540	718,553	890,995	3.8
1995	10,688	171,675	564,251	746,614	-16.2
1996	11,553	173,063	657,351	841,967	12.8
1997	20,538	214,685	885,996	1,121,219	33.2
1998	11,832	230,986	881,448	1,124,266	0.3
1999	14,790	220,706	615,329	850,825	-24.3
2000	43,477	308,281	868,318	1,220,076	43.4
2001	40,535	300,738	867,752	1,209,025	-0.9
2002	42,182	319,244	1,055,040	1,416,466	17.2

Source: Bank van de Nederlandse Antillen, Quarterly Bulletin.

Table 6. Netherlands Antilles: Changes in Consumer Prices, 1992–2002  
(Annual percentage change; period average)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Food</b>											
Curaçao	2.8	3.2	2.4	5.1	5.1	2.3	1.2	2.0	6.3	3.4	3.7
Bonaire	2.8	4.2	6.0	5.4	4.5	1.7	0.2	5.7	4.0	1.4	1.6
St. Maarten	1.5	1.3	3.8	6.4	4.9	3.0	1.5	0.2	-0.6	2.2	4.0
<b>Beverage and tobacco</b>											
Curaçao	8.7	2.7	1.2	3.0	4.0	3.7	1.3	1.4	10.2	2.5	-0.4
Bonaire	10.9	12.0	7.9	1.9	0.1	2.8	5.5	4.1	5.5	-1.8	-1.4
St. Maarten	2.7	1.3	0.7	0.3	4.0	1.3	4.3	0.9	0.7	-0.4	2.1
<b>Clothing and footwear</b>											
Curaçao	3.0	-0.2	-0.5	-3.8	-2.7	0.7	...	0.8	1.5	-1.2	-1.9
Bonaire	2.0	0.0	0.0	0.1	0.1	...	...	1.3	1.5	0.0	0.0
St. Maarten	1.9	-0.8	-2.1	-0.5	0.3	0.4	0.5	0.4	0	0.1	-0.4
<b>Housing</b>											
Curaçao	0.0	0.8	-1.0	3.7	6.0	3.9	0.9	-0.2	8.4	2.9	2.1
Bonaire	1.4	0.0	2.1	1.8	1.9	2.4	0.5	0.4	2.1	1.6	1.3
St. Maarten	1.9	1.7	1.4	1.7	2.5	3.6	0.9	1.8	4.3	1.0	0.6
<b>Housekeeping and furnishing</b>											
Curaçao	1.3	2.0	5.4	3.2	1.1	2.1	0.8	-1.0	0.7	0.8	-1.2
Bonaire	-0.7	1.0	3.5	1.5	3.1	1.5	0.8	2.2	2.9	-1.2	-2.0
St. Maarten	2.0	0.8	5.6	7.8	1.4	1.7	0.9	0.5	0.7	1.4	0.8
<b>Health</b>											
Curaçao	3.2	3.7	5.6	1.7	1.5	3.3	2.3	1.4	3.8	6.9	1.8
Bonaire	5.8	2.4	3.5	4.4	5.7	3.8	0.4	2.1	0.9	0.5	0.9
St. Maarten	0.0	1.1	2.3	1.9	1.4	0.1	1.4	3.8	0.7	0.1	-0.1
<b>Transport and communication</b>											
Curaçao	1.1	3.6	2.1	2.6	5.4	4.1	1.9	-0.4	7.8	1.1	-2.9
Bonaire	2.6	5.3	0.8	1.5	3.6	4.2	4.9	8.1	8.6	3.2	-3.5
St. Maarten	2.0	0.2	1.0	1.6	2.1	5.4	5.6	4.6	-4.0	0.7	-2.8
<b>Recreation and education</b>											
Curaçao	1.5	1.7	1.1	2.0	0.7	2.5	0.8	0.9	0.9	-0.5	-0.7
Bonaire	0.5	0.1	0.9	1.0	0.9	1.9	2.2	2.0	1.0	-0.1	0.0
St. Maarten	1.3	2.9	2.0	0.9	0.6	2.5	1.1	0.4	0.0	1.3	1.4
<b>Other</b>											
Curaçao	1.3	2.3	4.1	2.3	2.5	4.6	1.2	1.0	5.0	1.2	1.2
Bonaire	1.1	1.2	3.0	1.8	3.1	3.3	0.9	1.3	2.9	0.9	0.5
St. Maarten	0.3	0.3	3.3	2.7	2.0	2.9	1.1	1.6	1.2	0.7	1.9
<b>Total</b>											
Curaçao	1.4	2.1	1.8	2.8	3.6	3.1	1.1	0.4	5.8	1.8	0.4
Bonaire	1.9	2.2	2.9	2.4	2.7	2.3	1.3	3.4	3.9	1.2	-0.3
St. Maarten	1.7	1.0	2.1	3.0	2.3	3.1	1.9	2.0	0.5	1.0	0.5
<b>Total Netherlands Antilles</b>	<b>1.4</b>	<b>1.9</b>	<b>1.9</b>	<b>2.8</b>	<b>3.4</b>	<b>3.1</b>	<b>1.2</b>	<b>0.8</b>	<b>5.0</b>	<b>1.7</b>	<b>0.4</b>

Source: Bank van de Nederlandse Antillen.



Table 7. Netherlands Antilles: Minimum Wages,<sup>1</sup> 1996-2002

	1996	1997	1998	1999	2000	2001	2002
	(In NA f. per month)					(In NA f. per hour)	
Category 1 (Manufacturing, construction, banking, financial services, and insurance)							
Curacao	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	5.77	5.77
Bonaire	1,039.29	1,039.29	1,039.29	1,039.29	1,039.29	6.00	6.00
St. Maarten	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	6.35	6.35
Saba	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	5.77	5.77
St. Eustatius	950.00	950.00	950.00	950.00	950.00	5.49	5.49
Category 2 (Transportation, tourism, and other services)							
Curacao	900.00	900.00	900.00	900.00	900.00	5.20	5.49
Bonaire	927.65	927.65	927.65	927.65	927.65	5.36	5.68
St. Maarten	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	6.35	6.35
Saba	800.00	800.00	800.00	800.00	800.00	4.62	5.20
St. Eustatius	700.00	700.00	700.00	700.00	700.00	5.49	4.76
Category 3 (Agriculture, commerce, and textile industry)							
Curacao	900.00	900.00	900.00	900.00	900.00	5.20	5.49
Bonaire	927.65	927.65	927.65	927.65	927.65	5.36	5.68
St. Maarten	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00	6.35	6.35
Saba	800.00	800.00	800.00	800.00	800.00	4.62	5.20
St. Eustatius	700.00	700.00	700.00	700.00	700.00	5.49	4.76
Category 4 (Household personnel)							
Curacao	470.00	470.00	470.00	470.00	470.00	4.16	4.97
Bonaire	444.40	444.40	444.40	444.40	444.40	4.30	5.15
St. Maarten	500.40	500.40	500.40	500.40	500.40	5.34	5.85
Saba	550.00	550.00	550.00	550.00	550.00	4.91	5.34
St. Eustatius	522.72	522.72	522.72	522.72	522.72	4.75	5.12

Source: Data provided by the Netherlands Antilles authorities.

<sup>1</sup>Youth minimum wages which were introduced on September 1, 1993, are lower. They are expressed as percentage of the regular minimum wages, depending on age levels: 90 percent at age 20; 85 percent at age 19; 75 percent at age 18; and 65 percent at age 16 and 17.

Table 8. Netherlands Antilles: Employment, Unemployment, and Migration, 1990–2002

	Employment (persons)				Unemployment Rate		Migration <sup>1</sup> (persons)
	Curaçao	Sint Maarten	Other Islands	Total	Curaçao	Total	
1990	47,515	15,240	5,402	68,157	17	...	-4,104
1991	50,265	16,054	5,585	71,904	14.6	...	-3,674
1992	50,999	16,911	5,771	73,681	13.9	...	-1,352
1993	52,435	17,814	6,443	76,692	13.6	...	-523
1994	54,685	18,718	7,172	80,575	12.8	...	317
1995	54,059	18,497	8,043	80,599	13.1	...	-178
1996	56,964	19,259	8,912	85,135	14	14.1	-1,296
1997	56,246	18,896	9,366	84,508	15.3	14.9	1,531
1998	52,962	18,896	9,812	81,670	16.6	15.8	-4,607
1999	...	...	...	...	...	...	-5,511
2000	...	...	...	...	...	...	...
2001	...	...	...	...	...	...	...
2002	47,711	17,700	5,897	71,308	15.6	14.2	...

Sources: Central Bureau of Statistics; Bank van de Nederlandse Antillen.

<sup>1</sup>Net, to the Netherlands, a minus sign indicates an outflow.

Table 9. Netherlands Antilles: Operations of the General Government, 1996-2002  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001	2002
Total revenue	1,283.6	1,272.4	1,274.8	1,172.2	1,261.3	1,266.1	1,243.4
Tax revenue	1,084.8	1,119.5	1,114.5	1,036.4	1,095.4	1,144.6	1,145.9
Taxes on income and profits	659.7	617.2	607.9	564.7	512.0	578.8	568.1
Of which: offshore	164.3	146.8	114.7	124.0	81.4	87.3	-
Taxes on property	34.4	41.0	33.7	38.9	45.6	39.9	32.6
Taxes on goods and services	219.9	331.1	331.9	281.5	399.3	398.0	411.8
Of which: sales and turnover tax	41.8	127.7	141.8	105.7	231.8	242.3	250.3
Taxes on international transactions	162.2	121.8	132.5	143.5	128.1	122.7	127.7
Other taxes	8.6	8.4	8.5	7.8	10.4	5.2	5.7
Nontax revenue	191.2	144.8	151.2	125.7	117.6	109.4	84.2
Capital revenue	0.9	0.4	0.1	1.3	1.4	0.6	2.4
Grants	6.7	7.7	9.0	8.8	46.9	11.5	10.9
Total expenditure	1,439.0	1,327.5	1,359.6	1,225.2	1,362.4	1,262.3	1,385.7
Current expenditure	1,365.2	1,272.1	1,349.0	1,186.2	1,296.6	1,212.6	1,338.4
Wages and salaries	702.2	598.0	626.1	541.0	546.4	403.0	484.1
Excl. pension premiums	555.6	519.3	507.5	514.8	453.0	370.5	411.3
Pension premiums	146.6	78.7	118.6	26.2	93.4	32.5	72.8
Goods and services	297.0	300.9	308.9	282.8	315.4	275.2	304.2
Subsidies	97.8	89.4	77.8	64.6	62.0	57.5	76.5
Transfers	141.1	135.7	171.0	147.7	213.1	288.4	244.3
Interest payments	127.1	148.1	165.2	150.1	159.7	188.5	229.3
Capital expenditure	73.8	55.4	10.6	39.0	65.8	49.7	47.3
Investment	41.9	48.7	38.2	38.7	26.8	31.9	21.9
Capital transfers	12.5	9.4	3.2	0.0	35.5	16.1	7.9
Net lending	19.4	-2.7	-30.8	0.3	3.5	1.7	17.4
Sinking fund and contingency	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance	-155.4	-55.1	-84.8	-53.0	-101.1	3.8	-142.3

Source: Data provided by the Netherlands Antilles authorities.

Table 10. Netherlands Antilles: Operations of the Central Government, 1996-2002  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001	2002
Total revenue	498.2	542.5	555.7	509.9	658.3	608.8	616.5
Tax revenue	372.7	441.3	458.8	419.4	519.0	512.3	533.6
Taxes on property	15.0	23.9	21.0	20.1	17.0	14.5	17.8
Inheritance and gift tax	2.1	4.8	8.9	5.2	2.6	0.6	2.6
Property transfer tax	12.9	19.1	12.1	14.9	14.4	13.9	15.2
Taxes on goods and services	186.9	287.2	296.8	248.0	363.5	369.9	382.4
Of which: excises	138.3	148.6	142.6	130.7	115.1	116.4	115.8
Excise on gasoline	96.6	108.6	104.1	93.4	79.8	80.0	78.6
Excise on beer	16.1	15.0	14.4	13.7	13.0	12.8	13.9
Excise on tobacco	14.3	13.3	13.3	12.4	11.9	11.4	11.5
Excise on liquor	11.3	11.7	10.8	11.2	10.4	12.2	11.8
Sales and turnover tax	41.8	127.7	141.8	105.7	231.8	242.3	250.3
Turnover tax	0.0	31.9	40.5	27.5	33.9	44.1	43.7
Sales tax	41.8	95.8	101.3	78.2	197.9	198.2	206.6
Licenses	6.8	10.9	12.4	11.6	16.6	11.2	16.3
Taxes on international transactions	162.2	121.8	132.5	143.5	128.1	122.7	127.7
Import duties	150.5	118.4	131.7	142.1	126.5	121.7	127.0
Foreign exchange tax	9.2	0.1	0.0	0.2	0.1	0.0	0.0
Other	2.5	3.3	0.8	1.2	1.5	1.0	0.7
Other taxes	8.6	8.4	8.5	7.8	10.4	5.2	5.7
Stamp taxes	8.6	8.4	8.5	7.8	10.4	5.2	5.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nontax revenue	118.6	93.5	87.8	81.7	92.3	85.0	71.9
Enterprise and property income	57.7	42.1	40.8	41.8	55.6	63.8	51.4
Of which: profit central bank	45.0	38.8	32.1	41.6	47.2		
Fees, charges, and sales	39.9	38.3	43.5	38.9	34.7	20.1	19.1
Other nontax revenues	21.0	13.1	3.5	1.0	2.0	1.1	1.4
Capital revenue	0.2	0.0	0.1	0.0	0.1	0.0	0.1
Grants	6.7	7.7	9.0	8.8	46.9	11.5	10.9
From abroad	6.1	6.9	8.3	7.7	46.0	11.5	10.7
From other levels of government	0.6	0.8	0.7	1.1	0.9	0.0	0.2

Table 10. (Continued) Netherlands Antilles: Operations of the Central Government, 1996-2002  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001	2002
Total expenditure	579.6	575.8	615.3	547.4	729.5	647.4	669.0
Current expenditure	530.0	535.9	621.5	525.7	674.2	616.6	633.5
Wages and salaries	301.8	290.6	322.7	249.3	248.6	199.9	208.3
Excl. pension premiums	247.6	234.5	230.0	247.9	219.9	181.0	191.9
Wages	238.9	225.2	220.9	238.2	210.5	172.7	183.9
Soc. security	8.7	9.3	9.1	9.7	9.4	8.3	8.0
Pension premiums	54.2	56.1	92.7	1.4	28.7	18.9	16.4
Goods and services	89.9	92.6	101.8	98.0	96.1	82.6	86.2
Subsidies	8.3	5.5	5.0	4.4	10.8	4.3	17.6
Transfers	75.6	72.3	134.6	97.8	241.5	235.0	213.9
Other levels of government	49.6	44.1	100.0	71.4	196.8	178.6	166.7
Households	8.8	7.2	8.7	9.6	26.8	38.2	27.5
Non profit institutions, abroad	17.2	21.0	25.9	16.8	17.9	18.2	19.7
Interest payments	54.4	74.9	57.4	76.2	77.2	94.8	107.5
Domestic	48.6	60.5	62.5	71.9	83.7	88.5	99.7
Foreign	5.8	14.4	-5.1	4.3	-6.5	6.3	7.8
Capital expenditure	49.6	39.9	-6.2	21.7	55.3	30.8	35.5
Investment	26.1	34.7	22.4	21.7	16.3	21.0	10.2
Capital transfers	12.5	9.4	3.1	0.0	35.5	8.1	7.9
Net lending	11.0	-4.2	-31.7	0.0	3.5	1.7	17.4
To public enterprises	12.0	-3.2	-31.7	0.0	3.5	2.3	17.4
To financial institutions	-1.0	-1.0	0.0	0.0	0.0	-0.6	0.0
To households	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance	-81.4	-33.3	-59.6	-37.5	-71.2	-38.6	-52.5

Source: Data provided by the Netherlands Antilles authorities.

Table 11. Netherlands Antilles: Operations of the Island Government of Curaçao, 1996-2002  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001	2002
<b>Total revenue</b>	<b>808.9</b>	<b>748.6</b>	<b>764.5</b>	<b>704.1</b>	<b>758.4</b>	<b>775.9</b>	<b>748.5</b>
<b>Tax revenue</b>	<b>712.1</b>	<b>678.2</b>	<b>655.7</b>	<b>617.0</b>	<b>576.4</b>	<b>632.3</b>	<b>612.3</b>
Taxes on income and profits	659.7	617.2	607.9	564.7	512.0	578.8	568.1
Profit tax	277.3	271.9	255.5	226.1	165.4	196.3	187.2
Offshore	164.3	146.8	114.7	124.0	81.4	87.3	-
Onshore	113.0	125.1	140.8	102.1	84.0	109.0	-
Wage tax	339.0	316.2	329.5	324.8	335.6	389.8	393.3
Income tax	43.4	29.1	22.9	13.8	11.0	-7.3	-12.4
Taxes on property	19.4	17.1	12.7	18.8	28.6	25.4	14.8
Land tax	15.7	9.9	6.6	13.8	21.2	17.8	10.9
Occupancy tax	3.7	7.2	6.1	5.0	7.4	7.6	3.9
Taxes on goods and services	33.0	43.9	35.1	33.5	35.8	28.1	29.4
Motor vehicle taxes	18.4	23.6	20.7	19.6	26.0	21.2	24.3
Licenses	11.6	16.3	11.5	11.4	7.4	5.7	4.0
Hotel room tax	3.0	4.0	2.9	2.5	2.4	1.2	1.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Nontax revenue</b>	<b>72.6</b>	<b>51.3</b>	<b>63.4</b>	<b>44.0</b>	<b>25.3</b>	<b>24.4</b>	<b>12.3</b>
Enterprise and property income	24.0	18.3	29.7	21.0	2.8	7.8	0.2
Fees, charges, and sales	28.9	20.2	24.5	16.5	13.7	11.4	9.4
Other nontax revenues	19.7	12.8	9.2	6.5	8.8	5.2	2.6
<b>Capital revenue</b>	<b>0.7</b>	<b>0.4</b>	<b>0.0</b>	<b>1.3</b>	<b>1.3</b>	<b>0.6</b>	<b>2.3</b>
<b>Grants</b>	<b>23.5</b>	<b>18.7</b>	<b>45.4</b>	<b>41.8</b>	<b>155.4</b>	<b>118.6</b>	<b>121.6</b>

Table 11. (Continued) Netherlands Antilles: Operations of the Island Government of Curaçao, 1996-2002  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001	2002
Total expenditure	882.9	770.4	789.7	719.6	788.3	733.5	838.3
Current expenditure	858.7	754.9	772.9	702.3	777.8	714.6	826.5
Wages and salaries	400.4	307.4	303.4	291.7	297.8	203.1	275.8
Excl. pension premiums	308.0	284.8	277.5	266.9	233.1	189.5	219.4
Pension premiums	92.4	22.6	25.9	24.8	64.7	13.6	56.4
Goods and services	207.1	208.3	207.1	184.8	219.3	192.6	218.0
Subsidies	89.5	83.9	72.8	60.2	51.2	53.2	58.9
Public companies	89.5	83.9	72.8	60.2	51.2	53.2	58.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	-
Transfers	89.0	82.1	81.8	91.7	127.0	172.0	152.0
Other levels of government	18.0	14.4	11.4	15.2	14.0	15.0	16.8
Households	40.8	38.8	38.9	37.0	67.4	61.8	51.4
Nonprofit institutions	30.2	28.9	31.5	39.5	45.6	95.2	83.7
Interest payments	72.7	73.2	107.8	73.9	82.5	93.7	121.8
Domestic	60.8	72.7	87.2	64.8	73.2		112.3
Foreign	11.9	0.5	20.6	9.1	9.3		9.5
Capital expenditure	24.2	15.5	16.8	17.3	10.5	18.9	11.8
Investment	15.8	14.0	15.8	17.0	10.5	10.9	11.7
Capital transfers	0.0	0.0	0.1	0.0	0.0	8.0	0.0
Net lending	8.4	1.5	0.9	0.3	0.0	0.0	0.0
Balance	-74.0	-21.8	-25.2	-15.5	-29.9	42.4	-89.8

Source: Data provided by the Netherlands Antilles authorities.

Table 12. Netherlands Antilles: Financing of General Government, 1996-2001  
(In millions of NA f., cash basis)

	1996	1997	1998	1999	2000	2001
<b>Central government</b>						
Total balance	-81.4	-33.3	-59.6	-37.5	-71.2	-38.6
Financing	81.4	33.3	59.6	37.5	71.2	38.6
Domestic financing	66.8	31.4	70.9	51.8	-7.1	6.6
Monetary financing	-12.8	3.6	5.2	10.4	6.8	36.8
Central bank	3.7	6.0	1.1	11.2	6.7	49.7
Commercial banks	-18.8	-3.3	0.3	-2.9	-1.1	-13.8
Giro Curaçao	1.5	0.0	0.0	0.0	0.0	0.0
Coins and notes	0.8	0.9	3.8	2.1	1.2	0.9
Non-monetary financing	79.6	27.8	65.7	41.4	-13.9	-30.2
Loans with the public	110.4	32.3	70.1	162.6	-9.5	-25.8
Retroactive bonds	22.1	-4.5	-4.4	-4.4	-4.4	-4.4
Correction 1/	-52.9	0.0	0.0	-116.8	0.0	0.0
Foreign financing	-1.1	-0.7	-0.7	-0.7	-0.6	-0.6
Discrepancy	15.7	2.6	-10.6	-13.6	78.9	32.6
<b>Curaçao government</b>						
Total balance	-74.0	-21.8	-25.2	-15.5	-29.9	42.4
Financing	74.0	21.8	25.2	15.5	29.9	-42.4
Domestic financing	107.2	46.9	28.0	6.8	-2.5	0.5
Monetary financing	-11.0	-9.8	-25.6	43.3	14.1	18.5
Central bank	11.2	-3.5	1.7	21.0	55.9	-3.9
Commercial banks	51.1	-6.3	-27.3	22.3	-41.8	22.4
Giro Curaçao	-73.3	0.0	0.0	0.0	0.0	0.0
Non-monetary financing	118.2	56.7	53.6	-36.5	-16.6	-18.0
Loans with the public	60.2	30.0	26.4	-25.7	-5.4	-6.5
Retroactive bonds	28.2	-5.7	-5.6	-5.6	-5.7	-5.6
Zero coupon bond/ annuity	29.8	32.4	32.8	-5.2	-5.5	-5.9
Foreign financing	-3.5	-1.2	-1.2	-1.2	-1.0	0.0
Discrepancy	-29.7	-23.9	-1.6	9.9	33.4	-42.9
<b>General government</b>						
Total balance	-155.4	-55.1	-84.8	-53.0	-101.1	3.8
Financing	155.4	55.1	84.8	53.0	101.1	-3.8
Domestic financing	174.0	78.3	98.9	58.6	-9.6	7.1
Monetary financing	-23.8	-6.2	-20.4	53.7	20.9	55.3
Non-monetary financing	197.8	84.5	119.3	4.9	-30.5	-48.2
Foreign financing	-4.6	-1.9	-1.9	-1.9	-1.6	-0.6
Discrepancy	-14.0	-21.3	-12.2	-3.7	112.3	-10.3

Source: Data provided by the Netherlands Antilles authorities.

1/ Correction for formalization arrears island governments with APNA/SVB through the issue of Central Government bonds.



Table 13. Netherlands Antilles: General Government Debt, 1996-2001  
(In millions of NA f., end of period)

	1996	1997	1998	1999	2000	2001
<b>Central Government</b>						
Domestic debt	850.5	897.9	943.1	1,101.4	1,095.2	1,150.0
Monetary debt	101.0	104.6	109.8	120.2	127.9	163.8
Central bank	37.7	43.7	44.8	56.0	62.7	112.4
Current account	5.8	6.7	2.7	3.1	2.7	3.6
Deposits	9.0	14.6	17.1	35.5	5.3	10.5
Advance account	17.2	29.8	29.5	29.4	29.2	29.2
Government securities	35.3	33.2	35.1	65.2	41.5	96.3
Commercial banks	46.5	43.2	43.5	40.6	39.5	25.7
Current account & deposits	36.5	45.7	46.2	30.0	34.5	41.8
Loans	0.0	0.0	0.0	0.0	0.0	0.0
Government securities	83.0	88.9	89.7	70.6	74.0	67.5
Giro Curaçao (current account)	0.0	0.0	0.0	0.0	0.0	0.0
Coins and notes	16.8	17.7	21.5	23.6	24.8	25.7
Non-monetary debt	749.5	793.3	833.3	981.2	968.2	986.2
Arrears APNA	22.0	40.3	6.6	53.5	72.0	107.9
Other domestic debt	727.5	753.0	826.7	927.7	896.2	878.3
Government securities	589.1	621.4	691.5	854.1	844.6	818.8
Retrospective bonds	22.1	17.6	13.2	8.8	4.4	0.0
Negotiated loans 1/	27.4	23.8	19.8	15.8	11.3	6.3
SVB	78.1	74.9	72.7	8.1	7.0	15.5
Other	10.8	15.3	29.5	40.9	28.9	37.7
Foreign debt	240.6	207.3	231.2	289.7	251.2	237.0
The Netherlands	224.1	193.2	216.8	195.5	190.1	181.3
Central government	223.8	193.2	216.8	195.5	190.1	181.3
Public companies	0.3	0.0	0.0	0.0	0.0	0.0
European Union	16.5	14.1	14.4	11.9	14.1	16.8
Other	0.0	0.0	0.0	82.3	47.0	38.9
<b>Island Government of Curaçao</b>						
Domestic debt	1,174.3	1,283.2	1,371.4	1,426.6	1,427.4	1,491.3
Monetary debt	112.7	102.9	77.3	120.6	134.7	153.2
Central bank	-4.3	-7.8	-6.1	14.9	70.8	66.9
Current account	4.3	7.8	21.1	0.1	0.0	22.1
Deposits	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0	0.0	0.0
Government securities	0.0	0.0	15.0	15.0	70.8	89.0
Commercial banks	117.0	110.7	83.4	105.7	63.9	85.3
Current account	38.4	27.9	34.4	17.5	35.9	35.1
Deposits	3.1	4.2	3.7	3.7	1.3	1.3
Loans	0.0	0.0	0.0	0.0	0.0	18.3
Government securities	158.5	142.8	121.5	126.9	101.1	104.4
Giro Curaçao	0.0	0.0	0.0	0.0	0.0	0.0
Liab/gov. securities	0.0	0.0	0.0	0.0	0.0	0.0
Non-monetary debt	1,061.6	1,180.3	1,294.1	1,306.0	1,292.7	1,338.1
Arrears APNA	146.0	216.9	269.5	308.4	310.7	363.4
Zero coupon bond/annuity	381.3	413.7	446.5	441.3	435.8	429.9
Other domestic debt	534.3	549.7	578.1	556.3	546.2	544.8
Government securities	317.7	347.7	374.1	348.4	343.0	336.5
Retrospective bonds	28.2	22.5	16.9	11.3	5.6	0.0
SVB	9.2	24.8	43.0	17.0	36.5	45.5
Other	179.2	154.7	144.1	179.6	161.1	162.7
Foreign debt	426.7	368.4	394.0	338.0	311.6	294.2
The Netherlands	417.5	360.0	383.8	329.6	304.6	288.0
European Union	9.2	8.4	10.2	8.4	7.0	6.2
<b>General Government</b>						
Domestic debt	2,024.8	2,181.1	2,314.5	2,538.0	2,522.6	2,641.3
Monetary debt	213.7	207.5	187.1	240.8	261.7	317.0
Central bank	33.4	35.9	38.7	70.9	133.5	179.3
Commercial banks	163.3	153.9	126.9	146.3	103.4	112.0
Giro Curaçao	0.0	0.0	0.0	0.0	0.0	0.0
Coins and notes	16.8	17.7	21.5	23.6	24.8	25.7
Non-monetary debt	1,811.1	1,973.6	2,127.4	2,287.2	2,260.9	2,324.3
Arrears APNA	168.0	257.2	276.1	361.9	382.7	471.3
Zero coupon bond/annuity	381.3	413.7	446.5	441.3	435.8	429.9
Other domestic debt	1,261.8	1,302.7	1,404.8	1,484.0	1,442.4	1,423.1
Foreign debt	667.3	575.7	625.2	627.7	562.8	531.2
The Netherlands	641.6	553.2	600.6	525.1	494.7	469.3
European Union	25.7	22.5	24.6	20.3	21.1	23.0
Other	0.0	0.0	0.0	82.3	47.0	38.9

Source: Data provided by the Netherlands Antilles authorities.

1/ APNA Regentsschapp, APNA FZOG and Winkler Broth.

Table 14. Netherlands Antilles: Monetary Survey, 1992 - 2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
(In millions of NA f., end of period)											
Net foreign assets 1/	508.1	566.8	438.1	718.0	524.6	584.6	714.1	693.9	575.6	1,011.1	1,146.3
Net international reserves	526.2	604.7	468.6	718.0	602.4	652.1	777.7	762.9	636.4	1,051.5	1,186.7
MLT	-18.1	-37.9	-30.5	0.0	-77.8	-67.5	-63.6	-69.0	-60.8	-40.4	-40.4
Net domestic assets 1/	1,570.5	1,690.5	2,011.8	1,883.5	2,012.1	2,017.4	1,984.5	2,197.4	2,379.4	2,369.8	2,630.5
Domestic credit	1,927.4	2,001.1	2,315.3	2,324.4	2,443.8	2,429.0	2,437.6	2,640.9	2,765.8	2,847.5	3,134.1
Government (net)	210.3	203.7	280.4	194.1	168.0	166.0	137.8	104.7	88.4	156.0	351.6
Central government	90.5	70.5	117.6	87.0	76.4	80.1	73.4	-6.6	-36.4	8.5	189.5
Island governments	119.8	133.2	162.8	107.1	91.6	85.9	64.4	111.3	124.8	147.5	162.1
Private sector	1,717.1	1,797.4	2,034.9	2,130.3	2,275.8	2,263.0	2,299.8	2,536.2	2,677.4	2,691.5	2,782.5
Other items, net 1/	-356.9	-310.6	-303.5	-440.9	-431.7	-411.6	-453.1	-443.5	-386.4	-477.7	-503.6
Money and quasi-money	2,078.6	2,257.3	2,449.9	2,601.5	2,536.7	2,602.0	2,698.6	2,891.3	2,955.0	3,461.9	3,776.8
Money	818.1	877.7	1,013.1	1,110.8	1,028.4	1,052.7	1,075.2	1,187.1	1,155.5	1,390.7	1,497.2
Quasi-money	1,260.5	1,379.6	1,436.8	1,490.7	1,508.3	1,549.3	1,623.4	1,704.2	1,799.5	2,071.2	2,279.6
Time deposits	290.5	319.6	335.3	358.0	410.0	463.0	498.9	545.7	607.3	804.3	881.4
Savings deposits	970.0	1,060.0	1,101.5	1,132.7	1,098.3	1,086.3	1,124.5	1,158.5	1,192.2	1,266.9	1,398.2

Source: Data provided by the Netherlands Antilles authorities.

1/ Includes gold revaluations from NA f. 67.5 million to NA f. 208.8 million in June 1995, to NA f. 189.5 million in January 1996 to NA f. 179.8 in November 1998, and to NA f. 138.9 million in December 2000.

Table 15. Netherlands Antilles: Commercial Bank Credit to the Private Sector, 1992 -2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
(In millions of NA f., end of period)											
Loans to the private sector	1,561.4	1,732.5	1,958.3	2,046.4	2,196.1	2,198.6	2,232.4	2,441.4	2,612.0	2,580.5	2,681.8
Mortgage	544.6	617.8	743.2	782.9	890.2	925.7	890.3	972.8	1027.9	1,052.00	1,134.30
Of which:											
MLT on-lent 1/	18.1	37.9	30.5	0.0	53.7	48.7	44.8				
Consumer	283.3	381.1	451.9	485.9	507.7	478.1	516.2	567.8	622.4	622.6	614.7
Business	833.5	733.6	763.2	777.6	798.2	794.8	825.9	900.8	961.7	905.9	932.8
Of which:											
MLT on-lent 2/	0.0	0.0	0.0	0.0	26.9	18.8	18.8				
(Change in percent over end of previous year)											
Loans to the private sector	2	4	13	4	7	0	2	9	7	-1	4
Mortgage	-3	13	20	5	14	4	-4	9	6	2	8
Consumer	28	35	19	8	4	-6	8	10	10	0	-1
Business	-1	-12	4	2	3	0	4	9	7	-6	3

Source: Data provided by the Netherlands Antilles authorities.

1/ All mortgage borrowings have been accrued to entities on the Windward Islands.

2/ All business borrowings have been accrued to entities on the Leeward Islands.

Table 16. Netherlands Antilles: Interest Rates, 1992–2002  
(In percent, end of period)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Official discount rate <sup>1/</sup>	6.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0			
Deposit rates											
Passbook savings	4.8	4.1	4.0	3.6	3.6	3.5	3.6	3.6	3.8	3.7	3.6
Time deposits <sup>2/</sup>	5.9	5.1	4.7	4.7	5.0	5.1	5.2	4.9	4.8	5.1	5.5
Lending rates											
Prime rate <sup>3/</sup>	12.0	12.6	12.7	13.0	13.4	14.0	13.9	10.7	9.6	10.5	10.2
Mortgage rate	12.0	12.1	11.0	11.2	11.5	12.0	11.7	10.7	10.6	10.0	9.4
3-month treasury bill rate	5.9	4.3	5.4	5.7	5.7	5.9	5.7	6.3	6.3	6.3	3.0
Government bond yield <sup>4/</sup>	8.6	7.9	8.0	8.3	8.3	9.0	7.8	8.8	9.0	9.0	7.3
Memorandum item:											
Penalty rate	3.5	3.0	3.0	3.5 <sup>5/</sup>	5.25 <sup>6/</sup>	5.25-7.0 <sup>7/</sup>	5.25-7.0 <sup>7/</sup> 3.5-5.25 <sup>8/</sup> 2.1-3.5 <sup>9/</sup>	2.1-3.5	7.0	7.0	...

Source: Data provided by the Netherlands Antilles authorities.

<sup>1/</sup> Publication stopped in December 2000.

<sup>2/</sup> Six-month time deposits reported for 1990-91, 12-month time deposits thereafter.

<sup>3/</sup> Prime rate until 1999, current account overdrafts thereafter.

<sup>4/</sup> Effective yield on five-year government bonds.

<sup>5/</sup> In effect from March to April 1995.

<sup>6/</sup> In effect from April 1995 to December 1996.

<sup>7/</sup> In effect from January 1997 to September 1998.

<sup>8/</sup> In effect October 1998.

<sup>9/</sup> November-December 1998.

Table 17. Netherlands Antilles: Structure and Performance of the Banking System, 1994 - 2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of licensed banks	13	13	14	14	14	11	11	11	11
Of which: Majority state owned	n.a	n.a	1	1	1	1	1	1	1
As a percentage of total assets	n.a	n.a	3	3.5	3.8	5.0	5.6	5.3	6.1
Majority foreign owned (number)	2	2	2	2	2	2	2	3	2
As a percentage of total assets	0.7	1.2	3.6	5.7	5.4	7.1	7.4	25.7	18.4
Number of branches of foreign banks	4	4	4	4	4	3	3	2	2
As a percentage of total assets	21.5	26.1	25.9	24.5	24.9	22.9	23.1	9.2	9.3
Number of Banks accounting for:									
25 percent of total assets	1	1	1	1	1	1	1	2	2
75 percent of total assets	4	4	4	4	4	4	4	4	4
(In percent of GDP, unless stated otherwise)									
Total assets	95.6	83.2	81.9	80.8	87.8	93.3	98.1	105.3	107.9
Total credit	53.3	52.9	55.1	53.6	53.9	61.0	62.5	56.4	57.3
Private sector credit	47.8	48.4	49.6	48.5	51.1	56.5	58.6	57.9	59.6
Total deposits excluding interbank	53.7	56.3	54.7	54.9	59.0	63.1	63.8	88.1	88.7
Corporate sector credit (in percent of total credit) 1/ 2/	56.3	54.8	56.3	55.7	55.2	56.1	55.7	57.1	59.4
Credit to households (in percent of total credit) 1/ 2/	39.1	41.5	40.9	42.6	42.9	41.4	41.1	41.3	44.7
(In percent of total assets)									
Foreign currency denominated									
Assets	44.3	35.5	33.1	31.7	32.4	32.2	34.7	40.4	32.3
Balance sheet liabilities	43.9	33.8	31.1	29.8	29.1	30.5	32.9	34.1	27.8
Contingent and off-balance sheet accounts	3.8	3.7	2.7	2.7	2.1	2.3	2.2	2.4	2.6
(In percent)									
Risk-weighted capital/asset ratio	10.6	7.0	9.1	10.7	8.4	10.3	8.9	8.2	8.2
Central bank credit to banks (in percent of GDP)	0.0	0.0	0.0	0.0	0.3	1.4	1.3	0.0	0.0
Average pretax profit on total assets	-5.0	-5.6	7.9	6.8	3.9	1.4	1.5	0.6	1.1
Nonperforming loans (in percent of total loans)	2.3	3.0	3.1	3.4	4.3	3.7	4.6	6.0	5.9
Provision for loan losses (in percent of nonperforming loans)	166	138	110	122	68	94	70	62	74
Money (M2) (change in percent, end of period)	8.5	6.2	-2.5	2.6	3.7	7.1	2.2	14.4	11.7
Private sector credit (change in percent, end of period) 1/	13.2	4.7	6.8	-0.6	1.6	10.3	5.6	0.5	3.4
Average lending spread (lending-deposit rate) 3/	8.0	8.3	8.4	8.9	8.7	5.8	4.9	5.4	4.3

Source: Bank van de Nederlandse Antillen.

1/ Extended by commercial banks only.

2/ Corporate sector: business loans plus other mortgages. Households: consumer loans plus individual mortgages.

3/ Interest rate on working capital loans minus time deposit rate. Interest rates for prime borrowers are usually about two percentage points less, but no consistent time series is available. From 12/1999 lending rate is current account overdrafts.

Table 18. Netherlands Antilles: Nonbank Financial Intermediation  
Insurance Companies, 1994-2000  
(In millions of NA f.)

	1994	1995	1996	1997	1998	1999	2000
<b>Life Insurance</b>							
Assets	716.0	803.4	898.0	960.2	1,032.2	1,155.7	1,260.3
Current	111.7	117.0	133.6	162.1	154.5	211.9	254.8
Bonds and fixed income	329.9	373.3	347.7	348.3	326.4	326.1	371.7
Mortgages	82.4	104.1	87.7	95.5	158.9	174.9	186.9
Other loans	46.4	43.2	50.6	57.6	74.2	69.7	50.9
Equity	8.9	17.5	29.7	42.5	61.3	87.5	80.3
Deposits with banks	27.2	22.7	24.5	17.8	72.9	87.8	108.4
Other	109.5	125.6	224.2	236.4	184.0	197.8	207.3
Capital and reserves	29.2	38.9	48.3	41.4	54.1	97.6	104.0
<b>Non-Life Insurance</b>							
Assets	249.6	395.6	439.2	456.0	442.8	297.2	365.8
Current	156.8	316.3	349.9	334.7	319.1	159.7	211.4
Bonds and fixed income	45.2	46.6	45.8	54.5	51.9	52.1	52.0
Mortgages	0.5	0.5	4.8	3.0	0.8	0.5	0.7
Other loans	5.6	5.8	2.0	6.0	7.1	14.0	10.0
Equity	3.8	1.7	4.0	6.8	10.3	13.6	13.4
Deposits with banks	24.5	12.0	13.6	31.3	42.5	46.7	41.0
Other	13.2	12.7	19.1	19.7	11.1	10.6	37.3
Capital and reserves	51.1	46.3	50.4	50.2	59.1	72.6	77.5

Source: Bank van de Nederlandse Antillen

Table 19. Netherlands Antilles: International Financial Sector, 1994 - 2002  
(In million of NA f.)

	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Banks</b>									
Assets	52,182	55,621	57,582	64,885	65,209	58,697	61,693	68,475	76,225
Demand Deposits	2,521	8,765	3,859	2,910	3,398	3,419	3,751	4,643	5,688
Time Deposits	8,023	13,904	12,802	17,278	16,863	15,239	14,580	12,557	12,590
Borrowed funds 1/	36,159	26,150	34,217	37,795	38,092	33,907	36,842	43,590	43,786
Equity	1,497	4,604	3,940	4,278	4,757	4,945	5,446	6,601	4,459
<b>Life Insurance</b>									
Assets	29	32	37	38	44	38	49	...	...
Capital	19	25	27	28	29	28	28	...	...
Reserves	6	8	6	7	6	7	17	...	...
<b>Non-Life Insurance</b>									
Assets	777	924	1,232	1,631	2,030	2,166	1771	...	...
Capital	510	509	644	895	1,022	1,139	649	...	...
Reserves	372	399	563	695	829	932	1021	...	...

Source: Bank van de Nederlandse Antillen

Table 20. Netherlands Antilles: Balance of Payments, 1996 - 2001

(In millions of NA f., transaction basis)

	1996	1997	1998	1999	2000	2001
Current account	-454.2	-116.6	-168.7	-425.9	-128.1	-388.5
Trade balance	-2,021.1	-1,745.6	-1,798.9	-1,833.2	-1,838.8	-2,062.3
Exports	1,100.1	897.5	909.7	1,002.4	1,168.6	1,140.6
Imports	3,121.2	2,643.1	2,708.6	2,835.6	3,007.4	3,202.9
Services balance	1,399.6	1,521.8	1,606.8	1,437.2	1,604.5	1,609.2
Earnings	2,516.5	2,550.7	2,701.0	2,622.1	2,889.2	2,958.5
Expenses	1,116.9	1,028.9	1,094.2	1,184.9	1,284.7	1,349.3
Transportation	162.0	169.9	149.1	118.6	150.3	155.9
Earnings	312.9	310.4	318.0	301.8	291.0	316.2
Expenses	150.9	140.5	168.9	183.2	140.7	160.3
Tourism	674.2	818.4	995.1	710.5	873.9	875.7
Earnings	1,130.1	1,274.1	1,458.1	1,259.1	1,353.1	1,341.5
Expenses	455.9	455.7	463.0	548.6	479.2	465.8
Other services	563.4	533.5	462.6	608.1	580.3	577.6
Earnings	1,073.5	966.2	924.9	1,061.2	1,245.1	1,300.8
<i>of which: int. fin. &amp; bus. sector op. income</i>	549.5	546.7	520.8	455.8	498.8	549.2
<i>of which: Refining</i>	268.5	206.6	221.6	309.2	380.2	350.0
Expenses	510.1	432.7	462.3	453.1	664.8	723.2
Income balance	114.1	83.6	66.0	-36.6	38.3	29.6
Earnings	242.4	180.4	261.7	180.7	225.8	187.6
Expenses	128.3	96.8	195.7	217.3	187.5	158.0
Current transfers balance	53.2	23.6	-42.6	6.7	67.9	35.0
Incoming transfers	312.7	295.9	245.5	321.4	434.0	392.1
Transferred abroad	259.5	272.3	288.1	314.7	366.2	357.1
Capital and financial account	427.9	89.4	145.4	402.0	68.8	270.2
Capital account	127.7	134.5	155.6	193.7	53.3	66.6
Capital transfers balance	127.7	134.5	155.6	193.7	53.3	66.6
Incoming transfers	128.7	137.6	163.5	196.3	55.9	67.7
<i>of which: development aid</i>	114.0	127.1	148.4	182.0	55.0	65.0
Transferred abroad	1.0	3.1	7.9	2.6	2.6	1.1
Financial account	300.2	-45.1	-10.2	208.3	15.5	203.6
Direct investment balance	-105.6	-147.2	-93.5	-37.0	-108.9	-2.4
Portfolio investment balance	-54.7	16.1	-38.3	-18.3	-67.6	-47.5
Other investment balance	364.1	135.7	256.9	248.8	106.4	668.6
Change in reserves (=increase) 1/	96.4	-49.7	-135.3	14.8	85.6	-415.1
Net errors and omissions	26.3	27.2	23.3	23.9	59.3	118.3

Source: Data provided by the Netherlands Antilles authorities.

1/ Including commercial banks, excluding gold revaluation.



Table 21. Netherlands Antilles: Current Inflows, 1996 - 2001  
(In millions of NA f., transaction basis)

	1996	1997	1998	1999	2000	2001
Merchandise exports	1100.1	897.5	909.7	1002.4	1168.6	1140.6
Curaçao and Bonaire	857.3	700.6	746.7	762.6	819.1	812.8
Windward Islands	242.8	196.9	163.0	239.8	349.5	327.8
Nonfactor services	2516.5	2550.7	2701.0	2622.1	2889.2	2958.5
Tourism	1130.1	1274.1	1458.1	1259.1	1353.1	1341.5
Curaçao and Bonaire	499.6	412.2	538.1	429.4	439.7	475.8
Windward Islands	630.5	861.9	920.0	829.7	913.4	865.7
Refining	268.5	206.6	221.6	309.2	380.2	350.0
Offshore sector	549.5	546.7	520.8	455.8	498.8	549.2
Operating income	549.5	546.7	520.8	455.8	498.8	549.2
Transportation	312.9	310.4	318.0	301.8	291.0	316.2
Storage	75.3	74.1	81.9	80.3	72.1	90.5
Passenger fares	101.6	92.5	96.0	109.5	111.3	123.6
Other	136.0	143.8	140.1	112.0	107.6	102.1
Other services	255.5	212.9	182.5	296.2	366.1	401.6
Total merchandise exports and nonfactor services	3616.6	3448.2	3610.7	3624.5	4057.8	4099.1
Investment income	242.4	180.4	261.7	180.7	225.8	187.6
Current transfers	312.7	295.9	245.5	321.4	434.0	392.1
Profit taxes	163.9	146.8	114.7	124.0	81.4	87.3
Total current inflows	4,171.7	3,924.5	4,117.9	4,126.6	4,717.6	4,678.8

Source: Data provided by the Netherlands Antilles authorities.

Table 22. Netherlands Antilles: Current Outflows, 1996 - 2001  
(In millions of NA f., transaction basis)

	1996	1997	1998	1999	2000	2001
Merchandise imports	3121.2	2643.1	2708.6	2835.6	3007.4	3202.9
Curaçao and Bonaire	2326.2	1937.1	2113.6	2172.6	2105.7	2409.7
Windward Islands	795.0	706.0	595.0	663.0	901.7	793.2
Nonfactor services	1116.9	1028.9	1094.2	1184.9	1284.7	1349.3
Tourism	455.9	455.7	463.0	548.6	479.2	465.8
Curaçao and Bonaire	337.9	338.7	352.0	358.6	308.2	306.8
Windward Islands	118.0	117.0	111.0	190.0	171.0	159.0
Transportation	150.9	140.5	168.9	183.2	140.7	160.3
Offshore	244.7	208.3	180.8	180.8	156.6	194.9
Operating expenses	244.7	208.3	180.8	180.8	156.6	194.9
Other services	265.4	224.4	281.5	272.3	508.2	528.3
Total merchandise imports and nonfactor services	4238.1	3672.0	3802.8	4020.5	4292.1	4552.2
Investment income	128.3	96.8	195.7	217.3	187.5	158.0
Current transfers	259.5	272.3	288.1	314.7	366.2	357.1
Total current outflows	4,625.9	4,041.1	4,286.6	4,552.5	4,845.8	5,067.3

Source: Data provided by the Netherlands Antilles authorities.

Table 23. Netherlands Antilles: Capital and Financial Account, 1996 - 2001  
(In millions of NA f.)

	1996	1997	1998	1999	2000	2001
Capital transfers balance	127.7	134.5	155.6	193.7	53.3	66.6
Incoming transfers, of which	128.7	137.6	163.5	196.3	55.9	67.7
-Development aid	114.0	127.1	148.4	182.0	55.0	65.0
Transferred abroad	1.0	3.1	7.9	2.6	2.6	1.1
Capital account balance	127.7	134.5	155.6	193.7	53.3	66.6
Direct investment balance	-105.6	-147.2	-93.5	-37.0	-108.9	-2.4
Portfolio investment balance	-54.7	16.1	-38.3	-18.3	-67.6	-47.5
Other investment balance	364.1	135.7	256.9	248.8	106.4	668.6
Loans provided to N.A.	200.4	92.4	59.4	107.2	232.8	182.3
Repayments on loans extended to N.A.	144.0	136.6	142.9	218.4	118.6	136.6
Change in reserves (-sign means increase)	96.4	-49.7	-135.3	14.8	85.6	-415.1
Financial account balance	300.2	-45.1	-10.2	208.3	15.5	203.6

Source: Data provided by the Netherlands Antilles authorities.

**Table 24. Netherlands Antilles: Flow of Development Aid, 1992 - 2002**  
(In millions of NA f.)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Multi-year plan	60.0	94.1	83.9	84.5	112.4	115.9	96.6	93.3	82.8	76.2	57.8
Fund for social, educational, and cultural projects	11.1	5.6	2.2	4.6	8.1	8.6	7.2	5.4	5.4	5.4	0.0
European Development Fund	7.5	8.0	11.4	5.6	8.1	3.7	4.9	6.0	...	...	...
Total	78.6	107.7	97.5	94.7	128.6	128.2	108.7	104.7	88.2	81.6	57.8

Source: Data provided by the Netherlands Antilles authorities.

Table 25. Netherlands Antilles: Multi-Year Plan Disbursements  
by Sectors and Authorities, 1992 - 2002  
(In millions of NA f.)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Public utilities	7.4	13.8	9.9	2.5	0.0	0.1	0.1	0.3	0.0	0.0	0.0
Airports	1.1	3.1	3.2	0.6	0.0	8.0	8.1	6.4	0.4	4.2	2.9
Harbors	2.3	13.6	4.1	1.1	0.0	5.9	3.4	4.9	3.8	1.5	0.2
Roads and bridges	0.9	1.3	2.4	7.9	9.7	8.7	3.6	0.5	2.7	4.5	5.0
Education	6.5	21.4	19.4	17.6	26.9	26.7	27.7	19.1	11.8	11.6	9.6
Health	8.8	3.8	1.8	3.4	6.3	18.7	25.8	13.5	5.4	1.9	6.4
Housing	5.2	16.6	25.3	17.3	29.7	32.0	12.6	12.4	9.0	4.3	4.3
Tourism	3.6	2.6	1.1	0.6	0.0	1.3	2.3	2.5	1.3	1.1	12.9
Agriculture, animal husbandry, and fishing	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade, industry and other services	2.9	7.0	4.6	12.9	19.1	4.2	4.9	0.4	0.2	0.1	1.8
Various	21.2	10.9	12.1	20.6	20.7	10.3	8.1	33.3	48.2	47.0	14.7
<b>Total</b>	<b>60.0</b>	<b>94.1</b>	<b>83.9</b>	<b>84.5</b>	<b>112.4</b>	<b>115.9</b>	<b>96.6</b>	<b>93.3</b>	<b>82.8</b>	<b>76.2</b>	<b>57.8</b>
<i>Of which:</i>											
Central Government	4.8	12.9	11.1	12.8	15.9	28.1	23.4	21.8	5.5	5.2	5.4
Aruba	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Curaçao	39.9	49.7	52.1	52.7	46.2	42.0	33.8	23.4	13.8	9.0	12.6
Bonaire	6.3	13.8	4.1	8.6	1.6	1.1	3.5	11.2	5.3	1.0	2.1
Windward islands	9.0	17.7	6.4	10.4	48.7	40.9	29.3	21.8	14.7	4.7	4.9
Not classified	0.0	0.0	10.2	0.0	0.0	3.8	6.6	15.1	43.5	56.3	32.8
<b>Total</b>	<b>60.0</b>	<b>94.1</b>	<b>83.9</b>	<b>84.5</b>	<b>112.4</b>	<b>115.9</b>	<b>96.6</b>	<b>93.3</b>	<b>82.8</b>	<b>76.2</b>	<b>57.8</b>

Source: Data provided by the Netherlands Antilles authorities.

Note: Breakdown by sector 2000-2002 preliminary

Table 26. Netherlands Antilles: Aid from the European Development  
Fund, Disbursements by Sectors and Authorities, 1990-1999  
(In millions of NA f.)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Public utilities	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Airports	4.1	1.8	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Harbors	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Roads	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Education	0.0	0.1	0.1	0.0	0.1	0.1	0.8	0.4	0.8	0.0
Tourism	0.3	7.7	3.2	6.6	5.3	5.0	4.1	2.3	2.2	3.5
Various	0.8	5.9	2.7	1.0	6.0	0.5	3.2	1.0	1.8	2.5
Total	12.2	15.5	7.5	8.0	11.4	5.6	8.1	3.7	4.9	6.0
<i>Of which:</i>										
Central government	0.8	1.3	0.8	0.5	2.8	0.6	1.0	0.2	1.6	3.7
Curaçao	7.1	3.9	3.5	5.0	6.8	2.7	4.2	1.8	2.8	2.2
Bonaire	0.0	7.2	0.8	0.7	0.9	1.4	1.2	0.5	0.4	0.0
Windward islands	4.3	3.1	2.4	1.8	0.9	0.9	1.7	1.2	0.1	0.1

Source: Data provided by the Netherlands Antilles authorities.

Table 27. Netherlands Antilles: Net International Reserves, 1996-2002  
(In millions of NA f., end of period)

	1996	1997	1998	1999	2000	2001	2002
Net international reserves 1/ Excluding gold	602.4 412.9	652.1 462.6	777.7 597.9	762.9 583.1	636.3 497.4	1,051.5 912.6	1,186.7 1,047.8
Central bank	527.8	576.4	623.4	654.2	605.5	677.9	866.2
Foreign currency	357.0	402.0	446.1	475.3	469.7	539.8	729.0
Gold	189.5	189.5	179.8	179.8	138.9	138.9	138.9
Short-term liabilities	18.7	15.1	2.5	0.9	3.1	0.8	1.7
Commercial banks, net	74.6	75.7	154.3	108.7	30.8	373.6	320.5
Assets	793.7	777.2	926.5	922.3	987.5	1,491.70	1,168.30
Liabilities	719.1	701.5	772.2	813.6	956.7	1,118.10	847.8

Source: Data provided by the Netherlands Antilles authorities.