



KINGDOM OF THE NETHERLANDS— CURAÇAO AND SINT MAARTEN

July 12, 2016

STAFF REPORT FOR THE 2016 ARTICLE IV CONSULTATION DISCUSSIONS—INFORMATIONAL ANNEX

Prepared By

Western Hemisphere Department

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FUND RELATIONS

(For the Kingdom of the Netherlands, as of June 30, 2016)

Membership Status: The Kingdom of the Netherlands is an original member of the Fund. On February 15, 1961, the Kingdom accepted the obligations of Article VIII, Sections 2, 3, and 4 of the Articles of Agreement for all territories.

General Resources Account:

	SDR Million	Percent Quota
Quota	8736.50	100.00
Fund holdings of currency	8482.52	97.09
Reserve position in Fund	254.04	2.91

SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	4836.63	100.00
Holdings	4510.27	93.25

Outstanding Purchases and Loans: None

Latest Financial Arrangements: None

Projected Obligations to Fund (SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2016	2017	2018	2019	2020
Principal					
Charges/interest	<u>0.08</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>	<u>0.33</u>
Total	0.08	0.33	0.33	0.33	0.33

Exchange Rate Arrangements:

The Netherlands Antilles guilder has been pegged to the US dollar at NAf. 1.79 per US\$1 since 1971. The exchange regime is free of restrictions and multiple currency practices.

Article IV Consultation Discussions:

This is the third Article IV consultation discussion with Curaçao and Sint Maarten, following the dissolution of the Netherlands Antilles and the granting of autonomy to both countries on October 10, 2010. The board concluded the last Article IV consultation discussions for the Curaçao and Sint Maarten on July 30, 2014, on the basis of [IMF Country Report No. 14/239](#). It is currently envisaged that the next Article IV consultation discussions with Curaçao and Sint Maarten will be held in 24 months.

STATISTICAL ISSUES

I. Curaçao and Sint Maarten: Assessment of Data Adequacy for Surveillance

General: Data provision has serious shortcomings that significantly hamper surveillance. National accounts data have large lags, dating back to 2006. There are no data on GDP deflators or real GDP. Data on fiscal expenditures for both countries continue to be on cash basis, complicating the assessment of fiscal policy. Fiscal reporting standards need improvement, including the adoption of the *Government Financial Statistics Manual (GFS)*. The current account deficit could possibly be mismeasured given limitations in the statistical infrastructure. Lastly, there are no data on the two countries' international investment position.

National accounts: Data are compiled by the respective Central Bureau of Statistics (CBS) in both Curaçao and Sint Maarten. Expenditure-side national accounts components have been published only up to 2011 in Curaçao and 2006 in Sint Maarten, while there is still no production-side data. Detailed price indices to deflate national accounts aggregates are not available. The statistical offices and Central Bank continue to use the total consumer price index (CPI) to deflate nominal GDP, which gives rise to potential distortions in the measurement of real growth.

Price statistics: CPI data are compiled and published on a monthly basis but measures of core inflation are not readily available, particularly for Sint Maarten.

Government finance statistics: The Ministry of Finance in Curaçao provides fiscal data that can broadly be bridged to the cash framework of the GFSM format. However, the fiscal reporting standards in Sint Maarten are significantly weaker than in Curaçao, and improvements are needed in converging and consolidating fiscal data according to the GFSM manual. Final data on the 2016 fiscal budget for both countries have only become available during the mission, complicating timely fiscal policy assessment.

Monetary statistics: The methodology used by the Central Bank of Curaçao and Sint Maarten (CBCS) for compiling monetary statistics is broadly consistent with the IMF Monetary and Financial Statistics Manual. However, monetary and financial indicators are only available for the Union.

Balance of payments: Balance of payments (BOP) statistics are reported on a transactions basis in accordance with the sixth edition of the BOP Manual. The CBCS reports quarterly BOP data. No data on intra-currency union flows is available. Monthly data on the official reserves position are published with a lag of one month. The diversified and changing structure of the offshore sector makes an appropriate classification of capital account inflows and outflows problematic. Areas requiring improvement include: a) maturity schedules for private sector external debt, b) more detailed information on individual financing components; c) information on intra-union flows, and d) data on net international investment positions.

II. Data Standards and Quality

Not a General Data Dissemination System participant.

No data ROSC is available.

III. Reporting to STA

Standard report on the balance of payments is reported to STA on a quarterly basis.

Curaçao and Sint Maarten: Table of Common Indicators Required for Surveillance

(As of June 30, 2016)

	Date of Latest Observation	Date Received	Frequency of Data	Frequency of Reporting	Frequency of Publication
Exchange Rates	Current	Current	Daily and Monthly	Daily and Monthly	Daily and Monthly
International Reserve Assets and Reserve Liabilities of the Monetary Authorities	4/16	4/18/16	Weekly	Weekly	Monthly
Reserve/Base Money	4/16	4/18/16	Monthly	Monthly	Monthly
Broad Money	4/16	5/12/16	Monthly	Monthly	Monthly
Central Bank Balance Sheet	4/16	5/12/16	Monthly	Monthly	Monthly
Consolidated Balance Sheet of the Banking System	4/16	5/12/16	Monthly	Monthly	Monthly
Interest Rates /1	4/16	5/12/16	Monthly	Monthly	Monthly
Consumer Price Index	12/15	5/12/16	Monthly	Monthly	Monthly
Revenue, Expenditure, Balance and Composition of Financing—General Government /2	2016	5/19/16	Annual	Annual	Annual
Revenue, Expenditure, Balance and Composition of Financing—Central Government /2	2016	5/19/16	Annual	Annual	Annual
Stocks of Central (or General) Government and Central- (or General-) Government guaranteed debt 3/	2015	5/16	Annual	Annual	Annual
External Current Account Balance	Q4 2015	5/16/16	Quarterly	Quarterly	Quarterly
Exports and Imports of Goods and Services	Q4 2015	5/16/16	Quarterly	Quarterly	Quarterly
GDP/GNP	2015	5/16/16	Annual	Annual	Annual
Gross External Debt	2015	5/16/16	Annual	Annual	Annual
International Investment Position /4			NA	NA	NA
1/ Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds. 2/ The general government consists of the central government and the social security funds. The composition of financing distinguishes foreign, domestic bank and domestic nonbank financing. 3/ Including currency and maturity decompositions. 4/ Includes external gross financial asset and liability positions vis-à-vis nonresidents.					