



**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 Department

February 23, 2006

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## I. RECENT ECONOMIC DEVELOPMENTS<sup>1</sup>

### A. Introduction

1. **The Netherlands Antilles has a high standard of living in regional comparison** (Figure 1). As is typical for small island economies, the Antillean economy lacks natural resources and is very open and undiversified, relying mainly on exports of services such as tourism, international financial services, shipping, and oil refining. The islands benefited from their geographical position and their constitutional arrangement—a close link with the Netherlands—to achieve this level of well-being. The establishment of the oil refinery and of the international financial center can be attributed to Curaçao’s geographical location and political and legal stability in the Netherlands Antilles. These two industries have provided the islands with a substantial source of income.

2. **In 1985, however, both activities shrunk, leading to persistent fiscal imbalances and high unemployment.** Following the repeal of the tax treaty with the United States in 1985,<sup>2</sup> the international financial sector has been in structural decline, and both tax and foreign exchange revenues from this sector have declined. Royal Dutch Shell closed its operations on Curaçao in 1985 and sold the refinery for a symbolic amount to the island government. The refinery was the main provider of jobs on the island, and to avoid a major increase in unemployment, the government signed a lease contract with the Venezuelan-owned oil company, PDVSA. Public finances have not adjusted completely to the structural decline in revenues stemming from the closure of the Shell refinery and the reduced importance of international financial services. In the 1990s, the central and island governments made two attempts at fiscal consolidation under programs designed with the assistance of Fund staff. Both attempts went off track due to lack of political commitment and financing constraints.

3. This paper provides a brief review of the economic developments and policies over the period 2000–05.

### B. Production, Prices, and Labor Market Development

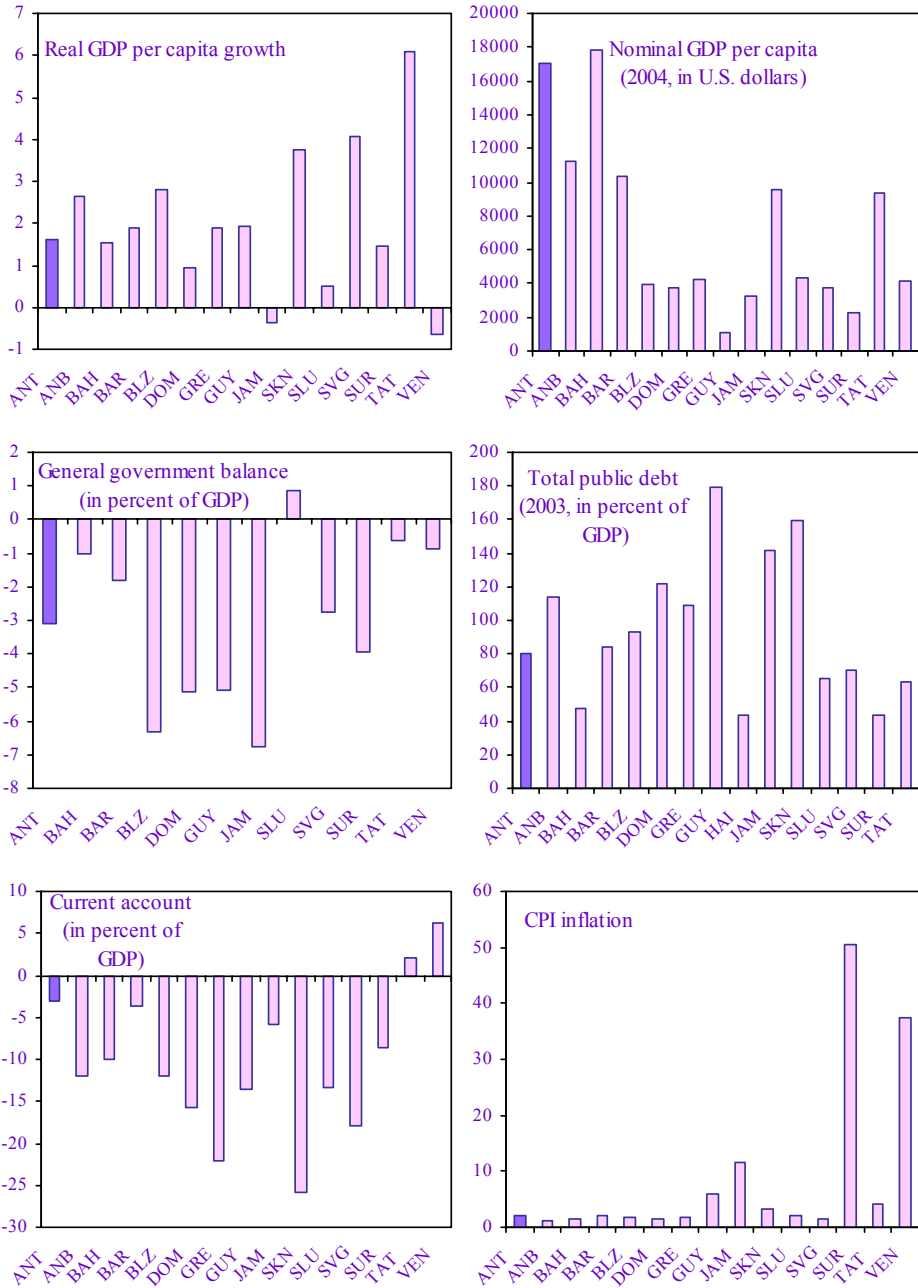
4. **After a prolonged recession, the economy recovered, albeit slowly and with relative volatility.** Between 2000–05, GDP growth was supported particularly by buoyant tourism activity, as reflected by increased added value in the hotel and restaurant sector and the retail trade sector (Statistical Appendix Table 1). The low rate of inflation also contributed to

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<sup>1</sup> Prepared by Wendly Daal.

<sup>2</sup> The United States applied a withholding tax on interest payments to nonresidents, which prior to 1984, however, did not apply to the Netherlands Antilles, as they were signatory to a double tax treaty.

Figure 1. Netherlands Antilles: Regional Perspective  
(Average, 1995-2004)



Source: IMF, WEO.

Country Code: Netherlands Antilles=ANT, Antigua & Barbuda=ANB, Bahamas=BAH, Barbados=BAR, Belize=BLZ, Dominica=DOM, Grenada=GRE, Guyana=GUY, Haiti=HAI, Jamaica=JAM, St. Kitts and Nevis=SKN, St. Lucia=SLU, St. Vincent and the Grenadines=SVG, Suriname=SUR, Trinidad & Tobago=TAT, Venezuela=VEN.

a favorable economic environment. Amid the slow economic recovery, unemployment remained high due to labor market rigidities. At the same time, there was an increasing net inflow of workers. Prospects for sustained higher growth in the medium term look favorable in the light of the investment projects in the tourism sector.

**5. An improved world economy was conducive to the recent economic growth.**

Exports and domestic consumer spending—both private and public—drove the economic recovery. Economic growth in the United States and the appreciation of the euro against the national currency contributed to the strong performance in the tourism sector. However, regional instability and the closure of the national airline had a negative impact on the manufacturing (oil refinery) and the transportation sectors. Increased demand—given the lack of natural resources, the openness, and size of the economy—led to a substantial expansion in goods and services imports. Investment remained lackluster amidst increasing uncertainty linked to deteriorating public finances and unresolved issues surrounding the breakup of the federation of the Netherlands Antilles.

**6. Despite the hike in oil prices, the underlying rate of inflation in the Netherlands Antilles has remained low** (Figure 2). The fixed exchange rate against the U.S. dollar helped anchor inflation expectation. In addition, the government has absorbed a large part of the oil price increase. At the end of 2005, the island government of Curaçao established an energy fund to absorb further increases in the oil price. This fund was financed by the island government and the oil distribution company, CUROIL. The gradual phasing-out of economic levies in compliance with the WTO also kept the rate of consumer price inflation low.

**7. Job creation has remained weak against the increased net influx of migrants.**

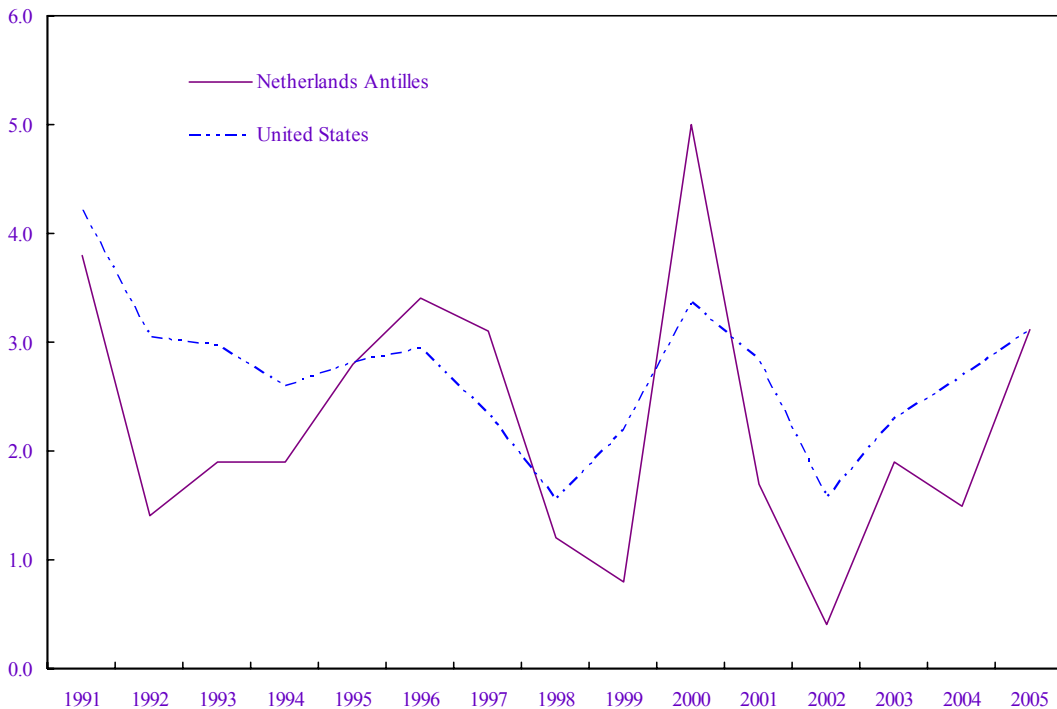
The rate of unemployment has been fluctuating around 15 percent, and preliminary data indicate that it increased to 16.3 percent in 2005 (Statistical Appendix Table 2). In line with the economic recovery, job creation went up during this period, but not enough to accommodate for population growth. The latter has been largely the result of the turnaround in net migration. Employers' organizations view persistent labor market rigidities as having hindered job creation. The average wage per worker has decreased in real terms, which may be the result of the increased influx of low-skilled immigrant workers from the region. There is no data on total amount of hours worked, but productivity measured by production per worker has been fluctuating without a clear trend.

**8. Economic prospects look favorable in the medium term.** The prospects are largely determined by ongoing infrastructure investments—the upgrading of the airports on Curaçao and St. Maarten—and large-scale investment projects in the tourism sector on both islands. The arrival of American chain hotels will expand the hotel capacity and also attract more American visitors. Some American airlines starting regular flight connections with the United States will also bring more tourists from this market to the island of Curaçao. A new



tax treaty with the Netherlands is expected to contain the decline in the international financial sector.<sup>3</sup>

Figure 2. Netherlands Antilles: Consumer Price Inflation, 1991-2005 1/



Sources: Data provided by the authorities; and IMF, WEO.

1/ Projections in 2005.

### C. Public Finance

9. **Expenditures on goods and services increased, partly driven by health care costs** (Statistical Appendix Tables 3–5). In addition, substantial interest payments have risen as a result of the formalization of arrears and of back payments of interest due on Dutch development loans. Personnel spending increased as the payment of pension premiums to the civil servant pension fund was regularized, the wage freeze ended, and additional staff was hired.

<sup>3</sup> The Netherlands Antilles and the Netherlands signed a tax treaty in 2000, Tax Arrangement for the Kingdom, governing dividend flows between the two countries. This treaty stipulates that a tax of 8.3 percent is applicable on dividend flows between the two countries. The Netherlands Antillean authorities collect 3.3 percent, while the Dutch authorities collect 5 percent and transfer the proceeds to the Netherlands Antilles. The new treaty that becomes effective in 2006 applies a tax rate varying from 0 percent to 5 percent depending on the type of company and how the dividends are invested. It is expected that this new treaty will enable the Netherlands Antilles to compete with other financial centers on an equal footing.

10. **Government revenues in percent of GDP have remained practically unchanged.** In line with the economic recovery, taxes on goods and services recovered strongly after a reorganization of the tax administration led to a decline in tax collection in 2001. Direct tax revenues as percent of GDP have been growing. In 2001 and 2002, there were exceptional increases in direct tax revenues due to considerable efforts to clear backlogs and technical assistance from the Netherlands for the tax auditing office. In contrast, taxes on international transactions have been declining as percentage of GDP due to the gradual phasing-out of economic levies. Two large transfers of dividend tax from the international financial sector by the Dutch government contributed substantially to government revenues growth, in particular in 2005. These large swings in dividend tax transfers result from international financial companies liquidating their assets in the Netherlands Antilles and transferring these to the Netherlands.

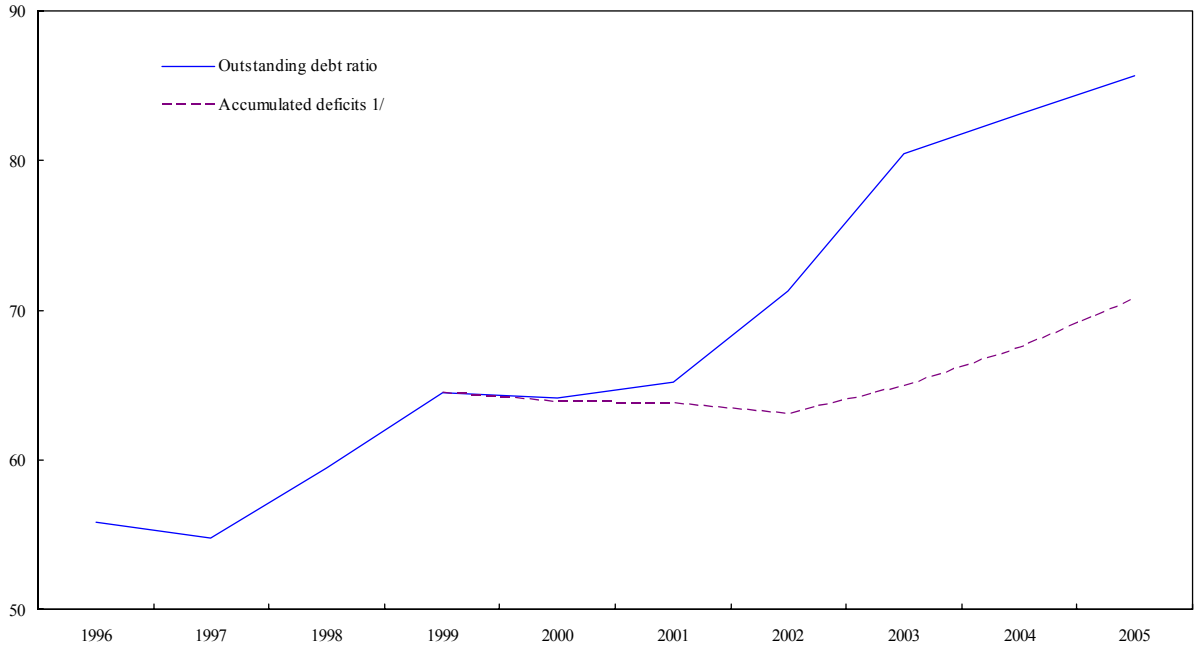
11. **The authorities revised the tax system with the intention of boosting households' disposable income and economic growth.** At the beginning of 2005, the authorities reduced the marginal tax rate by 6.4 percent, the first phase of a 12.4 percent reduction in income tax rate. The next phase of the tax reduction will be implemented in 2006. The impact of the 2005 tax reduction will be felt in 2006, when the income taxes for 2005 become due. The authorities estimate the impact of this reduction to be about 1 percent of GDP.

12. **Financing of the large deficits was not a major problem thanks to the excessive liquidity in domestic financial market.** Unfavorable conditions in the international financial markets, in particular the low U.S. interest rates and the bursting of the equity bubble in the United States, led to a large repatriation of maturing investment abroad by local institutional investors. Given the excess liquidity in the domestic market, the governments could borrow at a relatively low rate. The outstanding stock of public debt increased to 85.7 percent of GDP in 2005, up from 64.2 percent in 2000 (Statistical Appendix Tables 3–7). Large part of this accumulation of debt—approximately 15 percent of GDP—is accounted for by arrears with, among others, the pension fund (APNA) and the public health insurance company (SVB) into long-term marketable bonds (Figure 3).<sup>4</sup> The deficit financing accounted for the remaining 7 percent of GDP.

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<sup>4</sup> The accumulation of arrears to APNA and SVB took place over a prolonged period of time, with debt conversions taking place in 2001 and 2002.

Figure 3. Netherlands Antilles: Total Public Debt, 1996-2005  
(End of period; in percent of GDP)



1/ Starting from the debt position in 1999, the consecutive budgetary deficits are accumulated. The differences between the two lines are the stock adjustments.

## D. Balance of Payments

13. **The trade deficit widened in line with the economic recovery** (Statistical Appendix Table 8). Merchandise imports have grown strongly in this period, fueled by increased domestic and tourist demand, particularly in the Windward Islands. Higher oil prices have also contributed. Imports of merchandise by companies operating in the free-zone—partly for stock-building and partly to meet domestic demand—also added to the worsening of the trade balance.<sup>5</sup>

14. **Increased service activities, stemming particularly from tourism, partially compensated for the widening merchandise deficit.** The tourism sector recovered strongly after several hurricanes that hit the Windward Islands and the terrorist attack on the United States on September 11, 2001. The islands increased their market share in the U.S. tourism market. An improved competitive position in the European market due to the appreciation of the euro further boosted tourism growth. Large Dutch transfers of dividend taxes from the international financial sector and private transfers from households abroad also contained the current account deficit.

<sup>5</sup> Reexporting companies operating in the free zone are allowed to sell up to 20 percent of their turnover on the local market.

15. **Current account deficits were in recent years largely financed by foreign borrowing, rather than by reserve depletion.** Data on the outstanding stock of private sector foreign debt are not available, but the BNA estimates that the outstanding stock of total foreign debt has increased to 36.3 percent of GDP in 2005 (Statistical Appendix Table 9). This growth is largely accounted for by the amount of net trade credit received to finance the growing need for merchandise imports. In addition, the construction of the airports of St. Maarten and Curaçao and investment projects in the utilities sector were largely financed by foreign loans. Direct investments have risen, due to the takeover of the Girobank by a foreign bank, the injection of capital by a direct investor in its financial institution, and the purchase of real estate by nonresidents.

16. **The stock of official net international reserves rose from 1.9 to 2.9 months of import coverage.** The buildup of reserves between 2000 and 2005 was due to large amounts of development aid (Statistical Appendix Table 10), private capital inflows, and foreign borrowing. Unfavorable developments in international financial markets led to a repatriation of maturing investment funds abroad by residents in 2002–03. Portfolio investment abroad increased again in 2004, as interest rates on the international financial markets started to rise.

### **E. Money, Banking, and Nonbank Financial Sector**

17. **Money and credit growth outpaced nominal GDP during the 2000–05 period** (Statistical Appendix Table 11). Strong growth in money supply stemmed from the net accumulation of foreign assets and net domestic credit—with credit expansion contributing substantially to money growth (66.1 percent). A considerable part of credit growth was due to increased demand for mortgage loans by the private sector and general government borrowing. Net foreign assets rose strongly in light of the repatriation of maturing foreign investment by local institutional investors, large transfers of dividend taxes from the international financial sector by the Dutch government, and large amounts of Dutch development aid transferred to USONA.<sup>6</sup>

18. **Strong demand for time deposits contributed to the growth of monetary aggregates.** Large local institutional investors—pension funds and insurance companies—have been the main investors in time deposits at banks. Local institutional investors temporarily shifted their investment portfolio from foreign securities to local securities, as a result of the noted unfavorable conditions on the international financial markets. Due to the lack of competitive investment alternative to government securities on the domestic market, domestic investors resorted to time deposits.

19. **The performance of the domestic banking sector improved during 2000–04 despite weak growth.** The profitability of commercial banks improved, and total assets

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<sup>6</sup> *Uitvoeringsorganisatie Stichting Ontwikkeling Nederlandse Antillen* (USONA), the organization responsible for implementing development aid projects.

strengthened. As a result, all but one bank met the central bank's solvency requirement—namely, total capital over total adjusted assets<sup>7</sup>—of 10.5 percent (Statistical Appendix Table 12). Commercial banks increased their outstanding loans, investments, and interest-bearing cash holdings (in particular certificates of deposit). The sector also increased its capitalization by the end of 2004, owing to the recapitalization of the Girobank. The asset quality of the banking sector improved, as the ratio of nonperforming loans declined to 3.6 percent at the end of 2004, and the provision for loan losses was strengthened further to 97 percent. The concentration in the banking sector increased in the last two years, with three banks holding 75 percent of total assets. The international banking sector remained sound, as total assets increased in 2004 after a drop in 2003, despite the loss in market share to less-regulated or better-located competitors (Statistical Appendix Table 13). However, profits in this sector remained under pressure due to increased provisions and extraordinary losses. A new agreement was reached with the Netherlands regarding taxation of dividends earned by Dutch citizens on their investment in companies operating in the international financial sector in the Netherlands Antilles. It is expected that this new treaty will provide stability in the sector and contain the decline of the last years.

**20. Developments on the international financial markets affected the investment strategies of the nonbank financial institutions.** Nonbank financial institutions repatriated large part of their maturing investment abroad due to the burst of the equity bubble in the United States and the low interest rates in the United States and Europe. Reports of the BNA indicate that performance in the sector as a whole was positive but that the performance across institutions was mixed. The reports also indicate that performance in the sector was to some extent also affected by lower contributions receipts due to migration and/or early retirement. In addition, higher life expectancy has led to longer-term benefit payments, resulting in increased expenses for the industry. The insurance sector servicing the local market experienced positive results in 2003 (Statistical Appendix Table 14). The solvency requirements have been met on an aggregate basis for the life and nonlife insurance companies operating locally as well as internationally.

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<sup>7</sup> Adjusted total assets is defined as total assets minus the asset categories that are subjected to a zero risk-weighted factor.

## II. A TALE OF TWO GROUPS OF CARIBBEAN ECONOMIES<sup>8</sup>

21. As the federation of the Netherlands Antilles dissolves, crucial policy decisions on a broad range of matters that will have a lasting impact on the future of the countries to be born need to be undertaken. Those decisions are contingent, among other factors, on expected trend growth rates. It is well known that determining past trend growth rates is plagued with difficulties; even more so is projecting them into the future. However, a look at the economic performance of a set of Caribbean-region economies may shed some light into that general question and, in particular, into what is the importance of small island economies' links to high income countries.

22. To answer those questions, this study uses a simple and partial statistical exercise applied to a reduced set of economic and social indicators of two groups of Caribbean economies. Group 1 comprises countries that, while having kept some links to the mother country in one way or another, have been independent for some time. Group 2 comprises territories that are part of a kingdom or a commonwealth and are not formal members of the IMF.<sup>9</sup> The main conclusion is that a few key indicators are better in Group 2 than in Group 1.

23. First, some statistics on the selected economic and social indicators are presented in Table 1.<sup>10</sup> Average GDP per capita and life expectancy are significantly larger in Group 2 than in Group 1 at the 95 percent confidence level. Inflation is significantly lower in Group 2 than in Group 1 at the 90 percent confidence level.

24. Second, simple regression analysis largely confirms the descriptive statistics outcome. Table 2 displays the results of five cross-section regressions on a constant and each of the selected economic and social indicators.<sup>11</sup> The dependent variable is a dummy that takes the value of zero if the macroeconomic data refer to Group 1 and the value of one if the data refer to Group 2. GDP per capita and life expectancy have statistically significant coefficients (Figure 1); inflation seems to have some statistical significance. The results suggest that GDP per capita and life expectancy are relatively higher for economies that belong to Group 2 than for economies that belong to Group 1. Some evidence of relatively lower inflation is also associated with Group 2 economies.

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<sup>8</sup> Prepared by Francisco Nadal de Simone.

<sup>9</sup> Group 1 comprises the following countries: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Group 2 comprises the following territories: Anguilla, Aruba, British Virgin Islands, Cayman Islands, Guadeloupe, Martinique, Montserrat, Puerto Rico, St. Pierre and Miquelon, the Turks and Caicos Islands, U.S. Virgin Islands, and the Netherlands Antilles.

<sup>10</sup> Data limitations are severe, especially for territories.

<sup>11</sup> The White tests do not reject the null hypothesis of homoskedasticity.

Table 1. Netherlands Antilles: Economic and Social Statistics 1/

	Average		Standard Deviation	
	Group 1	Group 2	Group 1	Group 2
GDP per capita 2/	5519.8 (7,860 - 3,179)	15760.4 (22,093 - 9,428)	4625.1	11192.2
Unemployment 3/	14.7 (18 - 12)	13.6 (19 - 8)	5.3	8.7
Inflation 4/	8.1 (14 - 3)	3.1 (4 - 2)	10.7	1.6
Life expectancy 5/	70.6 (74 - 67)	77.9 (77 - 79)	6.4	1.5
Literacy rate 6/	89.5 (97 - 82)	96.4 (98 - 95)	13.1	1.6

Sources: WEO database; World Bank World Development IndicatorsThe World Factbook, CIA (2005); and IMF staff calculations.

1/ Confidence intervals between parentheses.

2/ Group 1 data are for 2003 and for Group 2 range between 2002 and 2004.

3/ Group 1 data are for 1998 and for Group 2 range between 1997 and 1998.

4/ Group 1 data are for 2003 and for Group 2 range between 2002 and 2003.

5/ Group 1 data are for 2003 and for Group 2 are estimates for 2005.

6/ Group 1 data range between 2001 and 2003 and for Group 2 range between 2002 and 2003.

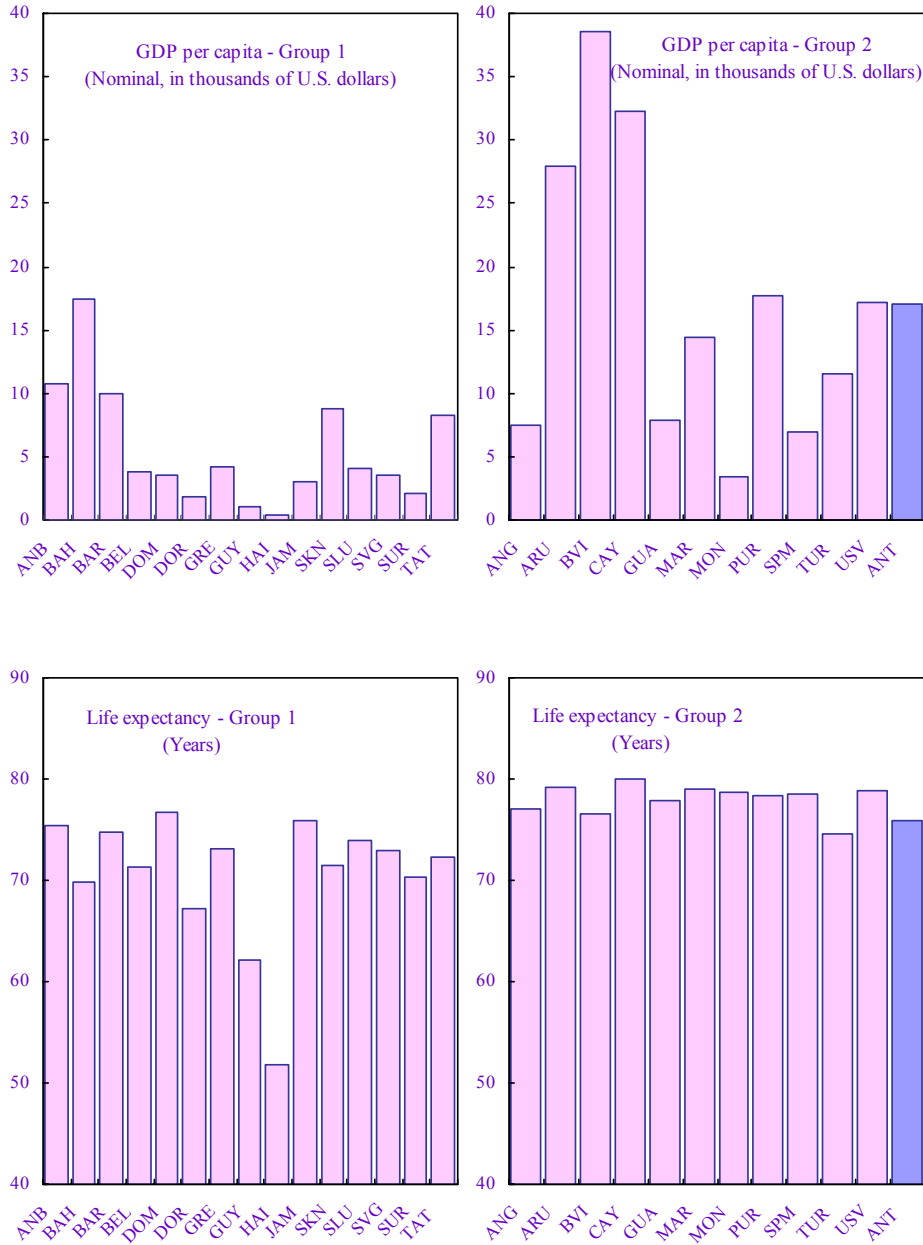
Table 2. Netherlands Antilles: Regression Results

Dependent variable: Group 1 and Group 2

	t-statistic	White test	Nobs
GDP per capita	3.75	1.12	27
Unemployment	-0.36	2.71	21
Inflation	-1.20	2.62	22
Life expectancy	4.00	2.08	28
Literacy rate	1.02	0.65	15

Sources: WEO database; World Bank World Development Indicators; The World Factbook, CIA (2005), and IMF staff calculations.

Figure 1. Netherlands Antilles: Selected Indicators by Country Group



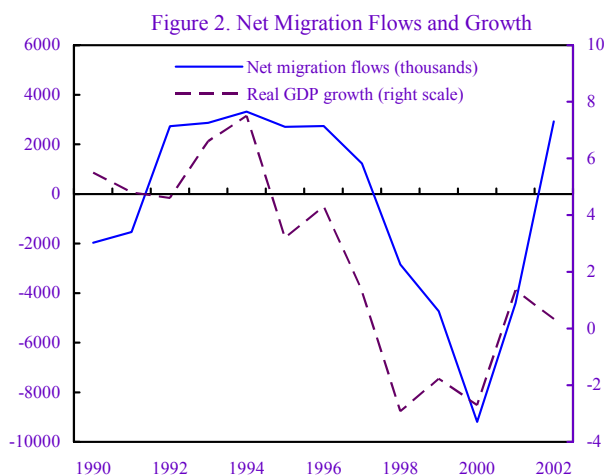
Sources: World Bank, World Development Indicators; CIA, World Factbook; and IMF, WEO.

Country Code: Netherlands Antilles=ANT, Antigua and Barbuda=ANB, Bahamas=BAH, Barbados=BAR, Belize=BLZ, Dominica=DOM, Grenada=GRE, Guyana=GUY, Haiti=HAI, Jamaica=JAM, St. Kitts and Nevis=SKN, St. Lucia=SLU, St. Vincent and the Grenadines=SVG, Suriname=SUR, Trinidad and Tobago=TAT, Venezuela=VEN.

25. Data limitations preclude a thorough analysis of the reasons for these results, and thus the following conclusions should be interpreted as tentative. However, speculation based on



related studies is possible and, hopefully, informative. Many observers have pointed out that free labor mobility between the Antilles and the Netherlands is largely responsible for having set a floor to real wages, which albeit seemingly less binding in recent times, has made adjustment to shocks more costly in terms of output and employment. Yet, it is also possible to argue that the observed high correlation between net migration flows and real GDP growth may be just the most visible part of a mechanism by which the well-known relatively higher volatility of Antillean cycles has had a lesser impact on its trend growth (Figure 2).



Interestingly, Group 1 countries have also been exposed to significant labor force flows. For instance, Mishra (2005) found that Group 1 countries lost 10–40 percent of their labor force—especially the high-skilled part of it—due to migration to OECD countries between 1965 and 2000. In addition, despite that Group 1 is the world’s largest recipient of remittances as a share of GDP, Mishra’s welfare calculations suggested that migration losses tend to outweigh remittances.

26. Cashin (2004) found that the Caribbean cycles (of a subset of Group 1 countries) are more symmetric than those of major industrial countries.<sup>12</sup> Output asymmetries—output grows most of the time close to its natural rate determined by the resources available and the institutions that organize them, and it is plucked downward occasionally—may have been smoothed out through labor force migration flows. Given that job destruction is more cyclically responsive than job creation, migration flows between the Antilles and (largely) the Netherlands may have dampened output growth and income fluctuations.

27. On the positive side, it is likely that the relatively closer links that Group 2 economies entertain with the metropolises have resulted in lower financing costs for firms and thus have propped up investment and trend growth. In contrast, it is also possible that the closer links to the metropolises, by making the financing of fiscal deficits relatively less costly, have resulted in less fiscal discipline. While there are no data on a comparable basis to study this matter in-depth, there is evidence that by 2003, 14 out of 15 Caribbean countries included in Group 1 had an average fiscal deficit of nearly 6 percent of GDP, and they ranked in the top 30 of the world’s highly indebted emerging market countries (Sahay, 2005). Therefore, the positive aspects of the close links to the metropolises may have seemingly prevailed, at least in

<sup>12</sup> See Nadal De Simone and Clarke (2006, forthcoming) for evidence of asymmetric output fluctuations in a set of industrial and emerging economies.

the Antillean case. Looking forward, the evidence cited above indicates that the new countries to be born from the dissolution of the federation should assign priority to a fiscal framework that internalizes fiscal discipline and accountability.

28. This analysis, while partial and limited, suggests that the new countries would also benefit from maximizing the links that their population may maintain with the Netherlands and other countries of migration destination, even if temporary. Those links manifest themselves in several ways, for instance through remittances (mostly official in the Antillean case). There is empirical evidence that remittances can lead to more human and physical investment and thus higher trend growth.<sup>13</sup>

29. What can the new countries do to limit the attraction represented by relatively higher foreign wages? This quick *tour d'horizon* suggests that the best strategy consists on applying policies that set growth-enabling domestic incentives. These policies encompass growth-enhancing structural reforms and reducing the economies' vulnerabilities to shocks. Growth-enhancing policies require increasing the flexibility of labor, to reduce the cost of doing business, to enhance competition in domestic goods and services markets, and to achieve greater regional and multilateral cooperation via freer international trade. In addition, better education, training, and well-targeted infrastructure investment are essential to improve the new countries' attractiveness for foreign investment. Education needs to be better tailored to the needs of these economies, which are largely dependent on services (e.g., tourism and financial services). Given the importance of the financial sector for at least one of the new countries and the well-documented link between weak financial sector supervision and crises, the further strengthening of financial supervision should also be an important policy objective. Finally, while little can be done to reduce the economies' exposure to foreign shocks, the domestic policies already outlined should contribute to reduce shocks' welfare costs by allowing faster relative price changes and setting the ground for world-market driven diversification.

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<sup>13</sup> Cashin (2004) found close links between Eastern Caribbean (EC) business cycles and Canadian cycles, but not between EC cycles and U.S., U.K., or German cycles. The possible reasons include: first, Canada is a major provider of bilateral overseas development assistance flows to those countries. Second, Canada has been an important emigrant destination for Caribbean nationals and thus accounts for a large share of all remittance flows to the area.

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Table 1. Netherlands Antilles: Gross Domestic Product, 1997-2005

(In millions of NA f.)

	1997	1998	1999	2000	2001	2002	2003	2004	Est. 2005
GDP	5,031.5	4,944.9	4,896.7	5,009.2	5,161.8	5,199.8	5,373.6	5,514.1	5,734.7
Real percentage change	1.3	-2.9	-1.8	-2.7	1.3	0.3	1.4	1.1	0.9
Total consumption	3,873.3	3,672.0	3,708.4	3,789.7	3,888.4	3,964.3	4,142.7	4,333.8	4,587.0
Real percentage change	-7.4	-6.3	0.2	-2.7	0.9	1.5	2.6	3.8	3.5
Private consumption	2,662.5	2,622.3	2,603.7	2,627.7	2,774.6	2,876.4	2,996.4	3,075.2	3,199.1
Real percentage change	-9.3	-2.7	-1.5	-3.9	3.8	3.3	2.2	2.1	2.1
Public consumption	1,210.8	1,049.7	1,104.7	1,162.0	1,113.8	1,087.9	1,146.3	1,258.5	1,387.9
Real percentage change	-3.0	-14.3	4.4	0.2	-5.8	-2.7	3.4	8.2	6.9
Gross fixed capital formation	1,104.8	1,250.3	1,287.8	1,441.3	1,316.7	1,321.0	1,249.1	1,289.3	1,334.1
Real percentage change	-19.3	9.4	2.4	4.3	-7.6	-1.5	-5.7	0.3	0.3
GFKF nonfinancial business	486.1	580.3	610.7	634.7	554.8	553.6	498.4	516.4	508.3
Real percentage change	-30.9	18.0	4.4	-1.0	-14.0	-0.6	-11.6	2.1	-4.5
GFKF financial business	317.4	349.5	353.0	411.9	402.8	379.1	368.7	397.5	417.1
Real percentage change	8.4	8.8	0.2	11.1	-3.8	-6.3	-4.6	6.2	1.8
GFKF residential	249.4	168.4	146.9	171.7	176.2	193.8	195.6	217.1	222.8
Real percentage change	-8.0	-33.3	-13.5	11.3	0.9	9.6	-1.0	9.3	-0.5
GFKF public	82.4	158.6	186.1	201.6	199.9	191.8	203.6	158.3	185.9
Real percentage change	-40.9	90.2	16.4	3.2	-2.5	-4.4	4.2	-23.4	13.9
Stock changes	42.0	-9.6	8.7	9.3	29.9	3.4	3.0	4.2	-0.7
Contribution to growth	-0.4	-1.0	0.4	0.0	0.4	-0.5	0.0	0.0	-0.1
Total domestic demand	5,020.1	4,912.7	5,004.9	5,240.3	5,235.0	5,288.7	5,394.8	5,627.2	5,920.4
Real percentage change	-0.2	0.2	-1.0	-1.6	-0.7	-0.7	-0.3	-0.8	-1.3
Foreign balance	-19.2	25.8	-117.1	-209.7	-90.2	-87.3	-44.7	-113.1	-185.7
Exports of goods and services	3,640.3	3,633.0	3,596.3	4,131.9	4,276.5	4,172.0	4,451.9	4,743.2	5,170.8
Real percentage change	-1.8	-1.4	-1.8	9.4	1.8	-2.8	4.7	5.0	5.7
Imports of goods and services	3,659.5	3,607.2	3,713.4	4,341.6	4,366.7	4,259.3	4,496.6	4,856.3	5,356.5
Real percentage change	-16.7	-2.6	2.1	11.3	-1.1	-2.8	3.6	6.4	7.0

Sources: Central Bureau of Statistics; Bank van de Nederlandse Antillen; and IMF staff projections.

Table 2. Netherlands Antilles: Labor Market Developments, 1998-2006

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total population	194,499	189,606	182,746	175,704	172,586	176,635	180,726	185,513	188,120
Population growth (in percentage)	...	-2.5	-3.6	-3.9	-1.8	2.3	2.3	2.6	1.4
Net migration	-6,631	-8,282	-8,688	-4,608	2,827	2,977	3,842	...	...
Natural growth	1,738	1,422	1,646	1,490	1,222	1,114	945	...	...
Labor force	87,973	87,529	83,863	81,058	82,743	87,684	88,059	90,628	91,178
Labor force growth (in percentage)	...	-0.5	-4.2	-3.3	2.1	6.0	0.4	2.9	0.6
Employed	73,145	74,711	72,779	69,600	70,629	74,245	74,777	75,880	76,788
Employment growth (in percentage)	...	2.1	-2.6	-4.4	1.5	5.1	0.7	1.5	1.2
Unemployed	16.9	14.6	13.2	14.6	14.6	15.3	15.0	16.3	15.8
Wages	2,970	3,046	3,033	3,050	3,045	3,185	3,123	...	...
Average wage per worker	40.6	40.8	41.7	43.8	43.1	42.9	41.8	...	...
Real growth (in percent)	2.4	-0.4	-2.8	3.5	-2.0	-2.4	-4.1	...	...
Productivity (measured by GDP/employed)	0.056	0.054	0.054	0.057	0.056	0.054	0.054	0.054	0.054
Productivity growth (in percent)	3.5	-3.8	0.0	6.0	-1.1	-3.5	0.4	-0.6	0.6

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

Table 3. Netherlands Antilles: Operations of the General Government, 2000-05

(In millions of NA f.)

Cash basis	2000	2001	2002	2003	2004	2005
Total revenue	1,261.3	1,266.1	1,243.3	1,346.7	1,349.1	1,644.1
Tax revenue	1,095.4	1,144.6	1,145.9	1,140.2	1,204.9	1,262.2
<i>Of which:</i> domestic	1,014.0	1,057.3	1,055.9	1,038.8	1,204.9	1,262.2
Taxes on income and profits	512.0	578.8	568.1	555.8	578.2	608.0
<i>Of which:</i> offshore	81.4	87.3	90.0	101.4	0.0	0.0
<i>Of which:</i> GDP	1.6	1.7	1.7	1.9	0.0	...
Taxes on property	45.6	39.9	32.6	30.6	33.1	37.0
Taxes on goods and services	399.3	398.0	411.8	427.9	458.9	484.6
<i>Of which:</i> sales and turnover tax	231.8	242.3	250.3	259.1	283.5	302.5
Taxes on international transactions	128.1	122.7	127.7	119.5	127.0	124.6
Other taxes	10.4	5.2	5.7	6.4	7.7	8.0
Nontax revenue	117.6	109.4	84.1	129.9	107.9	163.1
Capital revenue	1.4	0.6	2.4	12.1	1.0	7.1
Grants	46.9	11.5	10.9	64.5	35.3	211.7
Total expenditure	1,353.0	1,254.0	1,452.2	1,581.6	1,682.4	1,797.8
Current expenditure	1,287.2	1,204.3	1,401.1	1,497.5	1,617.7	1,717.7
<i>Of which:</i> GDP	25.7	23.3	26.9	27.9	29.3	30.0
Current expenditure excluding wages and salaries with respect to GDP	15.0	15.7	16.9	18.1	19.4	30.0
Wages and salaries	537.0	394.7	520.2	527.4	547.1	647.3
<i>Of which:</i> GDP	10.7	7.6	10.0	9.8	9.9	...
Excluding pension premiums	453.0	370.5	411.3	401.4	427.2	469.4
Pension premiums	93.4	32.5	116.9	133.8	127.7	187.0
Goods and services	315.4	275.2	304.2	368.5	436.5	437.4
Subsidies	62.0	57.5	76.5	81.8	44.3	42.7
Transfers	213.1	288.4	254.8	267.9	333.0	286.9
Interest payments	159.7	188.5	245.4	251.9	256.8	303.4
Capital expenditure	65.8	49.7	51.1	84.1	64.7	80.1
<i>Of which:</i> GDP	1.3	1.0	1.0	1.6	1.2	1.4
Investment	26.8	31.9	21.9	36.4	28.3	39.5
Capital transfers	35.5	16.1	11.8	44.4	37.2	45.4
Net lending	3.5	1.7	17.4	3.3	-0.8	-4.8
Balance	-91.7	12.1	-208.9	-234.9	-333.3	-153.7
Balance to GDP	-1.8	0.2	-4.0	-4.4	-6.0	-2.7
Foreign amortization	1.6	1.6	1.6	1.6	0.0	0.0
Balance including foreign amortization	-93.3	10.5	-210.5	-236.5	-333.3	-153.7
<b>Memorandum items:</b>						
Balance including pension premiums due	-112.5	-76.5	-209.2	-222.2	-329.9	-96.0
Primary balance	68.0	200.6	36.5	17.0	-76.5	149.7
Primary spending	1193.3	1065.5	1206.8	1329.7	1425.6	1494.4
Real primary spending	1193.3	1047.7	1181.9	1278.0	1349.9	1372.3
Total debt	3213.7	3364.7	3704.9	4325.0	4581.5	4914.8
Public debt (percent of GDP)	64.2	65.2	71.2	80.5	83.1	85.7

Source: Data provided by the authorities.

Table 4. Netherlands Antilles: Operations of the Central Government, 2000-05

(In millions of NA f.)

	2000	2001	2002	2003	2004	2005
Total revenue	658.3	608.8	616.5	671.6	692.3	901.5
Tax revenue	519.0	512.3	533.6	535.5	577.2	594.3
Taxes on property	17.0	14.5	17.8	18.6	21.8	27.0
Inheritance and gift tax	2.6	0.6	2.6	2.4	1.8	1.8
Property transfer tax	14.4	13.9	15.2	16.2	20.0	25.2
Taxes on goods and services	363.5	369.9	382.4	391.0	420.7	434.7
Sales and turnover tax	231.8	242.3	250.3	259.1	283.5	302.5
Turnover tax	33.9	44.1	43.7	47.1	60.6	71.5
Sales tax	197.9	198.2	206.6	212.0	222.9	231.0
Licenses	16.6	11.2	16.3	10.9	21.4	18.4
Taxes on international transactions	128.1	122.7	127.7	119.5	127.0	124.6
Other taxes	10.4	5.2	5.7	6.4	7.7	8.0
Nontax revenue	92.3	85.0	71.9	71.6	79.8	95.5
Enterprise and property income	55.6	63.8	51.4	52.1	61.0	74.1
<i>Of which:</i> profit central bank	47.2	52.1	40.3	42.9	42.6	58.2
Fees, charges, and sales	34.7	20.1	19.1	18.0	16.7	19.9
Other nontax revenues	2.0	1.1	1.4	1.5	2.1	1.5
Capital revenue	0.1	0.0	0.1	0.0	0.0	0.0
Grants	46.9	11.5	10.9	64.5	35.3	211.7
From abroad	46.9	11.5	10.9	64.5	35.3	211.7
From other levels of government	0.0	0.0	0.0	0.0	0.0	0.0
Total expenditure	720.1	639.1	735.6	826.6	890.6	986.7
Current expenditure	664.8	608.3	696.2	769.3	860.3	975.2
Wages and salaries	239.2	191.6	244.4	243.5	285.1	271.6
Wages	210.5	172.7	183.9	185.3	202.4	224.8
Social security	9.4	8.3	8.0	7.8	7.8	9.1
Pension premiums	28.7	18.9	60.5	58.2	82.7	46.8
Goods and services	96.1	82.6	86.2	104.6	107.2	126.7
Subsidies	10.8	4.3	17.6	8.9	1.7	0.0
Transfers	241.5	235.0	224.4	278.6	324.3	396.5
Other levels of government	196.8	178.6	177.2	237.6	288.7	359.9
Households	26.8	38.2	27.5	19.9	15.4	13.0
Nonprofit institutions, abroad	17.9	18.2	19.7	21.1	20.2	23.6
Interest payments	77.2	94.8	123.6	133.7	142.0	180.4
Domestic	83.7	88.5	104.1	139.9	149.7	146.7
Foreign	-6.5	6.3	19.5	-6.2	-7.7	33.7
Capital expenditure	55.3	30.8	39.4	57.3	30.3	11.5
Investment	16.3	21.0	10.2	9.6	8.6	8.9
Capital transfers	35.5	8.1	11.8	44.4	22.5	7.4
Net lending	3.5	1.7	17.4	3.3	-0.8	-4.8
To public enterprises	3.5	2.3	18.0	3.7	-0.5	0.0
To financial institutions	0.0	-0.6	-0.6	-0.4	-0.3	-4.8
To households	0.0	0.0	0.0	0.0	0.0	0.0
Balance	-61.8	-30.3	-119.1	-155.0	-198.3	-85.2
Balance to GDP	-1.2	-0.6	-2.3	-2.9	-3.6	-1.5
Primary Balance	15.4	64.5	4.5	-21.3	-56.3	95.2
Foreign amortization	0.6	0.6	0.6	0.6	...	...
Balance including foreign amortization	-62.4	-30.9	-119.7	-155.6	-198.3	-85.2

Source: Data provided by the authorities.

Table 5. Netherlands Antilles: Operations of the Island Government  
of Curaçao, 2000-05

(In millions of NA f.)

Cash basis	2000	2001	2002	2003	2004	2005
Total revenue	758.4	775.9	748.4	833.0	818.6	1,025.1
Tax revenue	576.4	632.3	612.3	604.7	627.7	667.9
Taxes on income and profits	512.0	578.8	568.1	555.8	578.2	608.0
Profit tax	165.4	196.3	187.2	173.6	162.6	200.0
Wage tax	335.6	389.8	393.3	392.0	411.6	403.0
Income tax	11.0	-7.3	-12.4	-9.8	4.0	5.0
Taxes on property	28.6	25.4	14.8	12.0	11.3	10.0
Land tax	21.2	17.8	10.9	9.7	10.0	9.0
Occupancy tax	7.4	7.6	3.9	2.3	1.3	1.0
Taxes on goods and services	35.8	28.1	29.4	36.9	38.2	49.9
Other taxes	0.0	0.0	0.0	0.0	0.0	0.0
Nontax revenue	25.3	24.4	12.2	58.3	28.1	67.6
Enterprise and property income	2.8	7.8	0.2	35.9	2.5	41.7
Fees, charges, and sales	13.7	11.4	9.4	19.7	21.4	23.2
Other nontax revenues	8.8	5.2	2.6	2.7	4.2	2.7
Capital revenue	1.3	0.6	2.3	12.1	1.0	7.1
Grants	155.4	118.6	121.6	157.9	161.8	282.5
Total expenditure	788.3	733.5	838.2	912.9	953.6	1,093.6
Current expenditure	777.8	714.6	826.5	886.1	919.2	1,025.0
Wages and salaries	297.8	203.1	275.8	283.9	262.0	375.7
Excluding pension premiums	233.1	189.5	219.4	208.3	217.0	235.5
Pension premiums	64.7	13.6	56.4	75.6	45.0	140.2
Goods and services	219.3	192.6	218.0	263.9	329.3	310.7
Subsidies	51.2	53.2	58.9	72.9	42.6	42.7
Public companies	51.2	53.2	58.9	72.9	42.6	42.7
Other	0.0	0.0	0.0	0.0	0.0	0.0
Transfers	127.0	172.0	152.0	147.2	170.5	172.9
Other levels of government	14.0	15.0	16.9	16.8	22.6	21.6
Households	67.4	61.8	51.4	44.8	35.0	42.9
Nonprofit institutions	45.6	95.2	83.7	85.6	112.9	108.4
Interest payments	82.5	93.7	121.8	118.2	114.8	123.0
Domestic	73.2	84.6	112.3	105.0	99.4	...
Foreign	9.3	9.1	9.5	13.2	15.4	...
Capital expenditure	10.5	18.9	11.7	26.8	34.4	68.6
Investment	10.5	10.9	11.7	26.8	19.7	30.6
Capital transfers	0.0	8.0	0.0	0.0	14.7	38.0
Net lending	0.0	0.0	0.0	0.0	0.0	0.0
Balance	-29.9	42.4	-89.8	-79.9	-135.0	-68.5
Balance to GDP	-0.6	0.8	-1.7	-1.5	-2.4	-1.2

Source: Data provided by the authorities.



Table 6. Netherlands Antilles: Financing of the General Government, 1999-2004

(In millions of NA f.)

	1999	2000	2001	2002	2003	2004
<b>Central government</b>						
Total balance	-27.8	-61.8	-30.3	-119.1	-155.0	-198.3
Financing	27.8	61.8	30.3	127.1	162.8	206.1
Domestic financing	29.7	5.9	-1.7	131.0	87.8	122.8
Monetary financing	10.4	6.8	36.7	121.0	73.1	94.4
Central bank	11.2	6.7	49.6	-41.8	12.2	56.0
Commercial banks	-2.9	-1.1	-13.8	162.4	59.3	38.2
Giro Curaçao	0.0	0.0	0.0	0.0	0.0	0.0
Coins and notes	2.1	1.2	0.9	0.4	1.6	0.2
Nonmonetary financing	19.3	-0.9	-38.4	10.0	14.7	28.4
Arrears APNA	46.9	18.5	-22.0	-5.2	-9.1	-30.0
Retroactive bonds	-4.4	-4.4	-4.4	0.0	0.0	0.0
Other domestic financing	-23.2	-15.0	-12.0	15.2	23.8	58.4
Loans with the public	41.4	-13.9	-30.2	-16.0	115.0	75.1
Debt to SVB	-64.6	-1.1	18.2	31.2	-91.2	-16.7
Foreign financing	-0.7	59.0	-0.6	-0.7	-0.7	-0.7
Amortization payments	-0.7	-0.7	-0.6	-0.7	-0.7	-0.7
Program support	0.0	59.7	0.0	0.0	0.0	0.0
Discrepancy	-1.2	-3.1	32.6	-3.2	75.7	84.0
<b>Curaçao government</b>						
Total balance	-15.5	-29.9	42.4	-89.8	-79.9	-135.0
Financing	15.5	29.9	-42.4	89.8	79.9	135.0
Domestic financing	55.0	0.8	55.8	82.0	80.1	143.0
Monetary financing	43.3	14.1	18.5	19.0	32.3	66.9
Central bank	21.0	55.9	-3.9	-23.0	-28.3	25.7
Commercial banks	22.3	-41.8	22.4	42.0	60.6	41.2
Nonmonetary financing	11.7	-13.3	37.3	63.0	47.8	76.1
Arrears APNA	38.9	2.3	-234.6	18.5	3.2	30.7
Other arrears	35.5	-18.5	1.5	-34.7	24.4	-23.3
Retroactive bonds	-5.6	-1.1	0.0	0.0	0.0	0.0
Other domestic financing	-57.1	4.0	270.4	79.2	20.2	68.7
Loans with the public	-25.7	-10.0	-12.0	89.6	30.1	80.0
Debt to SVB	-26.2	19.5	0.0	0.0	0.0	0.0
Zero coupon bond	-5.2	-5.5	-5.9	-6.2	-6.6	-7.1
Conversion of APNA arrears in government securities	0.0	0.0	288.3	-4.2	-3.3	-4.2
Foreign financing	-1.2	23.2	0.1	-0.4	-0.4	-0.4
Amortization payments	-1.2	-1.2	0.1	-0.4	-0.4	-0.4
Program support	0.0	24.4	0.0	0.0	0.0	0.0
Discrepancy	-38.3	5.9	-98.3	8.2	0.2	-7.6
<b>General government</b>						
Total balance	-43.3	-91.7	12.1	-208.9	-234.9	-333.3
Financing	43.3	91.7	-12.1	216.9	242.7	341.1
Domestic financing	84.7	6.7	54.1	213.0	167.9	265.8
Monetary financing	53.7	20.9	55.2	140.0	105.4	161.3
Arrears APNA	85.8	20.8	-256.6	13.3	-5.9	0.7
Other arrears	35.5	-18.5	1.5	-34.7	24.4	-23.3
Retroactive bonds	-10.0	-5.5	-4.4	0.0	0.0	0.0
Other domestic financing	-80.3	-11.0	258.4	94.4	44.0	127.1
Foreign financing	-1.9	82.2	-0.5	-1.1	-1.1	-1.1
Amortization payments	-1.9	-1.9	-0.5	-1.1	-1.1	-1.1
Program support	0.0	84.1	0.0	0.0	0.0	0.0
Other						
Discrepancy	-39.5	2.8	-65.7	5.0	75.9	76.4

Sources: Data provided by the authorities; and IMF staff estimates.

Table 7. Netherlands Antilles: General Government Debt, 1999-2004

	(In millions of NA f.)					
	1999	2000	2001	2002	2003	2004
Central government						
Domestic debt	1,101.4	1,191.3	1,330.4	1,458.7	1,905.6	2,034.8
Monetary debt	120.2	127.0	163.8	284.8	357.8	452.3
Central bank	56.0	62.7	112.4	70.6	82.7	138.8
<i>Of which: government securities</i>	65.2	41.5	96.3	69.8	92.9	142.7
Commercial banks	40.6	39.5	25.7	188.1	247.4	285.6
<i>Of which: government securities</i>	70.6	74.0	67.5	227.4	282.3	331.4
Coins and notes	23.6	24.8	25.7	26.1	27.7	27.9
Nonmonetary debt	981.2	1,064.3	1,166.6	1,173.9	1,547.8	1,582.5
Arrears APNA 2/	53.5	69.5	167.0	160.1	149.7	118.4
Other domestic debt	927.7	994.8	999.6	1,013.8	1,398.1	1,464.1
<i>Of which: government securities</i>	854.1	844.6	818.8	802.8	1,255.6	1,330.8
SVB 3/	8.1	68.0	86.2	117.4	26.2	6.5
Other 4/	40.9	66.6	80.6	85.0	108.8	119.4
Foreign debt	290.0	298.9	290.5	343.5	361.3	324.6
The Netherlands	195.5	237.9	234.8	292.0	314.8	301.5
European Union	12.2	14.0	16.8	20.5	23.2	23.1
Other	82.3	47.0	38.9	31.0	23.3	0.0
	<b>1,153.8</b>	<b>1,203.2</b>	<b>1,366.9</b>	<b>1,502.3</b>	<b>1,925.3</b>	<b>2,074.6</b>
Island government of Curaçao						
Domestic debt	1,426.6	1,403.0	1,440.7	1,528.2	1,612.8	1,763.8
Monetary debt	120.6	134.7	134.9	159.5	196.3	271.3
Central bank	14.9	70.8	66.9	43.9	15.6	41.3
<i>Of which: government securities</i>	15.0	70.8	89.0	44.5	17.7	53.0
Commercial banks	105.7	63.9	68.0	115.6	180.7	230.0
<i>Of which: government securities</i>	126.9	101.1	104.4	169.1	199.0	288.6
Nonmonetary debt	1,306.0	1,268.3	1,305.8	1,368.7	1,416.5	1,492.5
Arrears APNA	308.4	322.8	88.2	106.7	110.0	140.6
Zero coupon bond/annuity	441.3	435.8	718.3	707.8	697.9	686.6
Other domestic debt	556.3	509.7	499.3	554.2	608.6	665.3
<i>Of which: government securities</i>	348.4	343.0	336.6	426.2	456.3	536.3
Other	179.6	161.1	162.7	128.0	152.3	129.0
Foreign debt	337.6	320.5	303.1	374.5	445.4	458.3
The Netherlands	329.6	313.5	296.9	367.0	437.1	450.3
European Union	8.0	7.0	6.2	7.5	8.3	8.0
General government						
Domestic debt	2,528.0	2,594.3	2,771.1	2,986.9	3,518.3	3,798.6
Monetary debt	240.8	261.7	298.7	444.3	554.1	723.6
Central bank	70.9	133.5	179.3	114.5	98.3	180.1
Commercial banks	146.3	103.4	93.7	303.7	428.1	515.6
Coins and notes	23.6	24.8	25.7	26.1	27.7	27.9
Nonmonetary debt	2,287.2	2,332.6	2,472.4	2,542.6	2,964.2	3,075.0
Arrears APNA	361.9	392.3	255.2	266.8	259.7	259.0
Zero coupon bond/annuity	441.3	435.8	718.3	707.8	697.9	686.6
Other domestic debt	1,484.0	1,504.5	1,498.9	1,568.0	2,006.7	2,129.4
Foreign debt	627.6	619.4	593.6	718.0	806.7	782.9
The Netherlands	525.1	551.4	531.7	659.0	751.9	751.8
European Union	20.2	21.0	23.0	28.0	31.5	31.1
Other	82.3	47.0	38.9	31.0	23.3	0.0
Public debt (percent of GDP)	64.4	64.2	65.2	71.2	80.5	83.1

Source: Data provided by the authorities.

1/ APNA Regentesselaan, APNA FZOG, and Winkel Broth.

2/ Including APNA payment arrangement 2001.

3/ As of December 2000, all SVB debt has been assigned to the central government.

4/ Change in definition as of December 2000.

5/ As of December 2000, the definition has been changed to include NIO interest arrears and "overbruggingskrediet."

Table 8. Netherlands Antilles: Balance of Payments, 2000-05

(In millions of NA f.)

	2000	2001	2002	2003	2004	Proj. 2005
<b>Current account</b>	-0.8	-295.0	-94.0	-13.9	-175.8	-140.8
Trade balance	-1,764.2	-1,994.5	-1,826.9	-1,821.0	-2,111.4	-2,273.0
Exports	1,210.3	1,142.4	1,033.3	1,171.6	1,390.2	1,651.0
Imports	2,974.5	3,136.9	2,860.2	2,992.6	3,501.6	3,924.0
Services balance	1,645.0	1,658.8	1,503.0	1,569.0	1,814.5	1,819.0
Earnings	2,887.9	2,952.6	2,922.4	3,063.3	3,353.0	3,519.8
Expenses	1,242.9	1,293.8	1,419.4	1,494.3	1,538.5	1,700.8
Transportation	170.1	199.4	122.0	107.9	94.5	59.3
Tourism	902.7	864.4	881.0	935.6	1,133.7	1,253.9
Earnings	1,360.7	1,344.0	1,380.0	1,513.5	1,644.6	1,783.1
Expenses	458.0	479.6	499.0	577.9	510.9	529.2
Other services	572.4	595.0	499.9	525.5	586.3	605.8
Earnings	1,238.0	1,291.6	1,238.9	1,302.1	1,445.8	1,501.7
<i>Of which: international financial sector</i>	447.3	491.1	483.3	411.0	434.8	426.1
<i>Of which: refining</i>	373.6	345.7	308.0	343.2	304.3	321.4
Expenses	665.7	696.6	738.9	776.6	859.5	895.9
<i>Of which: international financial and business sector</i>	119.8	154.2	157.1	157.6	150.6	139.3
Income balance	60.4	39.3	1.3	-12.8	-18.8	-33.5
Earnings	225.6	185.5	162.8	161.1	169.5	182.1
Expenses	165.2	146.2	161.5	173.9	188.3	215.6
Current transfers balance	57.9	1.4	228.6	250.9	139.9	346.7
Incoming transfers	441.4	388.5	646.6	706.4	557.3	783.1
<i>Of which: offshore tax</i>	81.5	87.4	83.7	121.8	100.0	305.0
Transferred abroad	383.5	387.1	418.0	455.5	417.4	436.4
<b>Capital and financial accounts</b>	66.4	320.4	100.9	-70.4	74.3	140.8
<b>Capital account</b>	53.4	66.6	49.7	46.9	142.0	124.8
Capital transfers balance	53.4	66.6	49.7	46.9	142.0	124.8
Incoming transfers	56.0	67.2	52.4	57.9	143.6	126.4
<i>Of which: development aid</i>	54.3	60.3	52.1	54.3	142.0	125.0
Transferred abroad	2.6	1.2	2.9	11.9	1.6	1.6
<b>Financial account</b>	13.0	253.8	51.2	-117.3	-67.7	16.0
Direct investment balance	-108.0	-9.3	114.0	33.1	72.3	56.8
Portfolio investment balance	-68.1	-56.8	-67.1	7.6	-1.8	-78.2
Other investment balance	103.5	735.0	129.1	-71.8	-72.2	227.4
Change in reserves (=increase) 1/	85.5	-415.1	-124.8	-86.2	-66.0	-190.0
<b>Net errors and omissions</b>	-65.5	-25.4	-6.8	84.3	101.5	0.0
<b>Official reserves</b>	469.7	539.8	719.3	668.3	744.0	934.0
In months of merchandise imports	1.9	2.1	3.0	2.7	2.5	2.9
<b>Memorandum items:</b>						
Current account balance (in percent of GDP)	0.0	-5.7	-1.8	-0.3	-3.2	-2.5

Sources: Data provided by the Antillean authorities; and IMF staff estimates and projections.

1/ Including commercial banks; excluding gold revaluation.

Table 9. Netherlands Antilles: External Debt, 1999-2004

(In millions of NA f.)

	1999	2000	2001	2002	2003	2004
General government						
Short term*	51.0	64.6	78.4	95.7	118.5	143.2
Long term	350.4	346.0	331.6	401.1	450.7	448.8
Total general government	401.5	410.6	410.0	496.8	569.1	592.0
Private sector (excluding banks)						
Short term	263.0	311.1	547.7	653.1	882.7	1,015.9
Trade credits	228.3	214.1	347.5	346.7	456.0	531.9
Loans	3.2	1.3	0.8	0.1	2.6	0.0
Other liabilities	31.5	95.7	199.4	306.4	424.1	484.0
Long term	240.6	236.8	264.0	218.3	171.7	244.0
Trade credits	1.8	1.2	1.2	1.0	1.0	1.8
Loans	182.9	186.2	225.1	172.6	161.0	197.0
Other liabilities	55.9	49.4	37.7	44.7	9.7	45.2
Total other sectors	503.6	547.9	811.7	871.4	1,054.4	1,259.9
Total external debt	905.1	958.5	1,221.7	1,368.3	1,623.5	1,851.9
In percent of GDP	18.5	19.1	23.7	26.3	30.2	33.6
<i>Of which</i>						
Short term	314.9	378.8	626.9	751.1	1,002.0	1,159.5
Long term	591.1	582.8	595.7	619.4	622.4	692.8
Official reserves (including gold)	365.5	338.3	378.7	476.5	505.3	567.2
Official reserves/short-term debt	1.2	0.9	0.6	0.6	0.5	0.5
Total external debt-to-exports (ratio)	23.8	23.4	29.8	34.6	38.3	39.0

Source: Bank van de Nederlandse Antillen.

Table 10. Netherlands Antilles: Flow of Development Aid, 1992-2004

(In millions of NA f.)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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	50.5	38.3
Fund for social, educational, and cultural projects	11.1	5.6	2.2	4.6	8.1	8.6	7.2	5.4	1.2	5.4	...	...	...
European Development Fund	7.5	8.0	11.4	5.6	8.1	3.7	...	6.0	2.1	3.3	2.2	2.5	2.6
Total	78.6	107.7	97.5	94.7	128.6	128.2	103.8	104.7	86.1	84.9	60.0	53.0	40.9

Source: Data provided by the authorities.

Table 11. Netherlands Antilles: Monetary Overview, 1999-2004

	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04
<b>Central bank</b>						
Central government advances	29.4	29.2	29.2	29.2	0.0	15.7
Official reserves	655.1	608.7	678.7	855.2	905.3	1,015.7
Banknotes issued	239.2	235.1	256.4	284.4	275.6	272.4
Deposits of						
Banks	186.5	235.0	369.1	521.8	...	...
Required reserves	216.1	261.1	265.5	514.0	426.0	525.8
Excess reserves	-29.6	-26.1	103.6	7.8	62.1	50.6
Central government	38.6	8.0	13.1	28.4	10.1	19.6
Island government of Curaçao	0.1	0.0	22.1	0.6	2.1	11.7
Development projects	126.1	162.7	155.0	94.7	84.8	87.7
<b>Commercial banks</b>						
Loans to private sector	2,450.7	2,612.0	2,606.8	2,695.5	2,744.8	2,958.2
Short-term (net) foreign assets	108.7	30.8	373.6	320.5	456.3	446.3
Central government deposits	30.0	34.5	41.4	39.3	34.9	45.8
Island government deposits	30.5	47.1	50.0	64.5	25.1	72.6
Private sector deposits	2,694.3	2,766.1	3,162.7	3,541.5	3,855.9	4,211.9
<i>Of which</i>						
Demand deposits	990.1	966.6	1,091.5	1,262.0	1,288.3	1,346.6
Time deposits	885.6	971.3	1,209.7	1,324.0	1,501.4	1,742.5
Savings	818.6	828.2	861.5	955.5	1,066.2	1,122.8
<b>Government loans issued</b>						
Central government						
Bills and notes	57.3	16.6	26.4	136.6	44.7	104.9
Bonds	941.4	947.5	956.2	963.4	1,586.1	1,700.0
Island government						
Bills and notes	57.1	57.1	32.2	111.7	86.2	144.5
Bonds	885.8	899.2	927.7	951.8	1,003.8	1,143.3
<b>Monetary survey</b>						
Factors affecting the money supply						
Central government	-6.6	-36.4	8.5	189.4	272.4	363.9
Island governments	111.3	124.8	147.6	162.2	197.7	257.4
Private sector	2,536.2	2,677.4	2,691.5	2,782.5	2,834.4	3,059.7
Miscellaneous	-443.5	-386.4	-477.8	-490.5	-532.0	-632.7
Total domestic factors	2,197.4	2,379.4	2,369.8	2,643.6	2,772.5	3,048.3
Net foreign assets	693.9	575.6	1,011.1	1,133.1	1,320.4	1,461.6
<i>Of which: miscellaneous items</i>	68.3	87.4	86.3	80.7	82.7	90.5
Total money supply	2,891.3	2,955.0	3,380.9	3,776.7	4,092.9	4,509.9
<i>Of which</i>						
Money multiplier	1,187.1	1,155.5	1,309.7	1,497.2	1,525.3	1,596.6
<i>Of which: FCAs</i>	228.9	200.3	225.4	242.4	303.1	314.6
Near money	1,704.2	1,799.5	2,071.2	2,279.5	2,567.6	2,913.3
<i>Of which: FCAs</i>	227.8	248.9	333.0	361.0	374.8	438.5
Net international reserves	762.2	663.0	1,097.4	1,213.8	1,403.1	1,552.1
Net international reserves (BNA)	693.9	575.6	1,011.1	1,133.1	1,320.4	1,461.6
Reserve money	460.0	497.9	678.6	847.8	796.8	954.2
Money multiplier	6.3	5.9	5.0	4.5	5.1	4.7
<b>Interest rates</b>						
Pledging rate	7.00	7.00	7.00	3.50	2.25	2.75
Treasury paper, 1 month (last issue)	n.a.	n.a.	n.a.	2.90	3.00	3.70
Treasury paper, 3 months (last issue)	6.15	6.15	6.15	3.00	4.00	4.30
Treasury paper, 6 months (last issue)	6.30	6.30	6.30	3.50	5.00	5.00
Treasury paper, 12 months (last issue)	6.76	6.76	6.76	4.40	5.35	5.60
Government bonds, effective yield (5 yrs)	8.75	9.00	9.00	7.25	6.90	6.75
Banks						
Passbook savings	3.55	3.77	3.67	3.59	3.41	2.77
Time deposit 12 months, NA f. 10,000	4.71	4.82	5.12	5.46	4.89	4.14
Mortgages	10.73	10.56	9.98	9.44	9.48	8.88
Prime rate/current account overdrafts	10.31	9.55	10.48	10.20	10.73	10.39
Average passbook rate	3.59	3.65	3.71	3.64	3.53	3.05
Average government bond rate	8.75	8.77	9.00	8.20	6.72	7.09

Source: Bank van de Nederlandse Antillen.

Table 12. Netherlands Antilles: Structure and Performance of the Banking System, 2000-04

	2000	2001	2002	2003	2004
Number of licensed banks	11	11	10	9	9
<i>Of which</i> : majority state-owned	1	1	1	1	0
As a percentage of total assets	5.6	5.3	6.1	5.6	6.4
Majority foreign-owned (number)	2	3	2	3	3
As a percentage of total assets	7.4	25.7	18.4	18.4	19.3
Number of branches of foreign banks	3	2	2	2	2
As a percentage of total assets	23.1	9.2	9.3	8.9	7.4
Number of banks accounting for					
25 percent of total assets	1	2	2	6	6
75 percent of total assets	4	4	4	3	3
	(In percent of GDP; unless stated otherwise)				
Total assets	98.1	96.5	99.0	99.3	108.7
Total credit	54.2	51.7	52.5	53.6	58.0
Private sector credit	50.9	49.2	50.8	50.2	53.6
Total deposits excluding interbank	70.4	80.9	82.2	85.9	92.9
Corporate sector credit (in percent of total credit) 1/ 2/	55.7	57.1	59.4	57.7	57.5
Credit to households (in percent of total credit) 1/ 2/	41.5	41.2	41.7	41.7	42.5
	(In percent of total assets)				
Foreign currency-denominated					
Assets	34.7	40.4	32.3	34.3	33.1
Balance sheet liabilities	32.9	34.1	27.8	27.3	26.9
Contingent and off-balance sheet accounts (forex)	2.2	2.4	2.6	3.2	3.8
Contingent and off-balance sheet accounts	7.4	7.5	8.5	9.9	9.7
Capital adequacy					
Capital/adjusted-asset ratio 3/	10.2	12.2	13.2	10.9	11.7
Central bank credit to banks (in percent of GDP)	1.3	0.0	0.0	0.0	0.0
Asset quality					
Nonperforming loans (in percent of total loans)	4.6	6.0	5.9	5.9	3.6
Provision for loan losses (in percent of nonperforming loans)	70.0	62.0	73.9	62.3	94.6
Liquidity					
Loan-to-deposit ratio	79.1	68.7	67.6	66.3	64.9
Liquid assets to short-term liabilities	30.5	43.6	38.4	39.9	39.4
Total assets to total liabilities	119.4	117.3	117.5	114.7	113.1
Earnings and profitability					
Return on assets (before taxes and dividends)	1.6	0.7	1.1	1.5	1.7
Average pretax profit on total assets	1.5	0.6	1.1	1.7	2.1
Return on equity (before taxes and dividends)	20.1	9.0	13.7	19.3	21.5
Interest margin to gross income	50.6	49.4	47.7	46.2	49.5
Noninterest expenses to gross income	57.1	57.6	60.5	56.3	56.7
Sensitivity to market risk					
Net foreign lending including provisions / (Tier 1+Tier 2+ Tier 3)	3.1	2.7	2.7	3.1	2.9
Net foreign lending including provisions /Tier 1 capital	4.5	3.8	4.1	4.5	3.9
Average lending spread (lending-deposit rate) 4/	9.6	10.1	10.2	11.2	10.6

Source: Bank van de Nederlandse Antillen.

1/ Extended by commercial banks only.

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

3/ Adjusted-total-assets is defined as total assets minus the asset categories that are subject to a zero risk-weighted factor.

4/ Interest rate on working capital loans - 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 13. Netherlands Antilles: International Financial Sector, 1994-2004

(In million of NA f.)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Banks</b>											
Assets	52,182	55,621	57,582	64,885	65,209	58,697	61,693	68,475	76,226	71,530	75,420
Demand deposits	2,521	8,765	3,859	2,910	3,398	3,419	3,751	4,643	5,179	9,502	12,251
Time deposits	8,023	13,904	12,802	17,278	16,863	15,239	14,580	12,557	12,567	15,906	19,206
Borrowed funds 1/	36,159	26,150	34,217	37,795	38,092	33,907	36,842	43,590	47,378	35,253	32,084
Equity	1,497	4,604	3,940	4,278	4,757	4,945	5,446	6,601	6,498	6,245	6,907
<b>Life insurance</b>											
Assets	29	32	37	38	44	38	98	105	121	159	...
Capital	19	25	27	28	29	28	38	34	40	44	...
Reserves	6	8	6	7	6	7	49	57	65	93	...
<b>Nonlife insurance</b>											
Assets	777	924	1,232	1,631	2,030	2,145	1,777	2,051	2,327	2,709	...
Capital	510	509	644	895	1,022	1,139	653	783	869	997	...
Reserves	372	399	563	695	829	932	1,078	1,212	1,395	1,621	...

Source: Bank van de Nederlandse Antillen.

Table 14. Netherlands Antilles: Nonbank Financial Intermediation: Insurance Companies, 1994-2003

(In millions of NA f.)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Life insurance</b>										
Assets	716.0	803.4	898.0	960.2	1,032.2	1,155.7	1,259.4	1,328.4	1,439.2	1,555.5
Current	111.7	117.0	133.6	162.1	154.5	211.9	253.3	251.1	271.3	274.8
Bonds and fixed income	329.9	373.3	347.7	348.3	326.4	326.1	375.0	424.2	541.8	602.9
Mortgages	82.4	104.1	87.7	95.5	158.9	174.9	187.0	183.4	221.3	203.3
Other loans	46.4	43.2	50.6	57.6	74.2	69.7	51.0	46.6	55.6	65.4
Equity	8.9	17.5	29.7	42.5	61.3	87.5	80.7	84.7	72.2	92.6
Deposits with banks	27.2	22.7	24.5	17.8	72.9	87.8	105.1	111.5	108.1	171.9
Other	109.5	125.6	224.2	236.4	184.0	197.8	207.3	226.9	168.8	144.5
Capital and reserves	29.2	38.9	48.3	41.4	54.1	97.6	102.3	105.7	124.1	146.6
<b>Nonlife insurance</b>										
Assets	249.6	395.6	439.2	456.0	442.8	297.2	358.2	260.4	459.8	472.0
Current	156.8	316.3	349.9	334.7	319.1	159.7	211.6	116.9	242.3	235.0
Bonds and fixed income	45.2	46.6	45.8	54.5	51.9	52.1	51.7	26.0	79.4	134.1
Mortgages	0.5	0.5	4.8	3.0	0.8	0.5	0.8	0.5	0.5	0.3
Other loans	5.6	5.8	2.0	6.0	7.1	14.0	10.1	9.8	12.4	8.1
Equity	3.8	1.7	4.0	6.8	10.3	13.6	13.9	7.9	5.4	5.7
Deposits with banks	24.5	12.0	13.6	31.3	42.5	46.7	41.6	89.7	111.2	79.5
Other	13.2	12.7	19.1	19.7	11.1	10.6	28.5	9.6	8.6	9.3
Capital and reserves	51.1	46.3	50.4	50.2	59.1	72.6	78.4	70.2	92.0	106.9

Source: Bank van de Nederlandse Antillen.