



Press release 2018-037

*Acting CBCS President:*

## **Diversify economy to strengthen resilience**

**WILLEMSTAD/PHILIPSBURG** – “The substantial vulnerability of Curaçao and Sint Maarten to external shocks was emphasized once again in 2017. Particularly, the spillovers of Venezuela’s deep recession on the Curaçao economy and the severe damage caused by Hurricane Irma in Sint Maarten resulted in the real economic contraction recorded across the monetary union in 2017,” stated acting Centrale Bank van Curaçao en Sint Maarten (CBCS) president Leila Matroos. “The considerable negative effects that these shocks had on our economies underscore the importance of strengthening our resilience,” she added. Matroos explained that resilience is defined as a country’s ability to withstand or recover from external shocks. “Although vulnerabilities are inherent to small and open economies like Curaçao and Sint Maarten, strategies can be put into place to strengthen our resilience, thereby mitigating the risks associated with external shocks,” she emphasized.

“One of these strategies is economic diversification. In general, the Curaçao economy has always been more diversified compared to other more tourism-dependent peers in the region,” Matroos pointed out. “However, if measured by their share in total foreign exchange earnings, sectors such as refining and international financial services have become less important in recent years compared to the tourism sector. Although the growth of the tourism sector is a welcome development, losing other key economic pillars can be considered a weakness as these sectors have less import-content and are more knowledge-intensive than the tourism industry,” she continued. “Sint Maarten also would become less vulnerable to shocks if it had other key economic sectors besides tourism. Therefore, in both countries, the public and private sectors should act to strengthen their current economic pillars and develop new sectors.”

The acting central bank president urged both Sint Maarten and Curaçao to diversify their tourism source markets. “More than 50% of the total stay-over arrivals to Sint Maarten are from the United States. Consequently, economic cycles in the United States transmit easily to Sint Maarten,” Matroos said. “Therefore, in its reconstruction efforts following Hurricane Irma, Sint Maarten also should focus on a strategy to improve its tourism product and diversify towards more source markets. In the case of Curaçao, where more than 30% of the total stay-over tourists are from the Netherlands, the implementation of the tourism masterplan and increasing airlift from other source markets are much-needed steps to diversify the country’s tourism sector,” Matroos concluded.

The complete text of the Report of the President and the Bank's 2017 Annual Report can be viewed on the Bank's website at [www.centralbank.cw](http://www.centralbank.cw) under the Publications & Research section.

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CENTRALE BANK VAN CURACAO EN SINT MAARTEN