Toward a Comprehensive Solution of the Debt Problem of the Netherlands Antilles

Emsley D. Tromp

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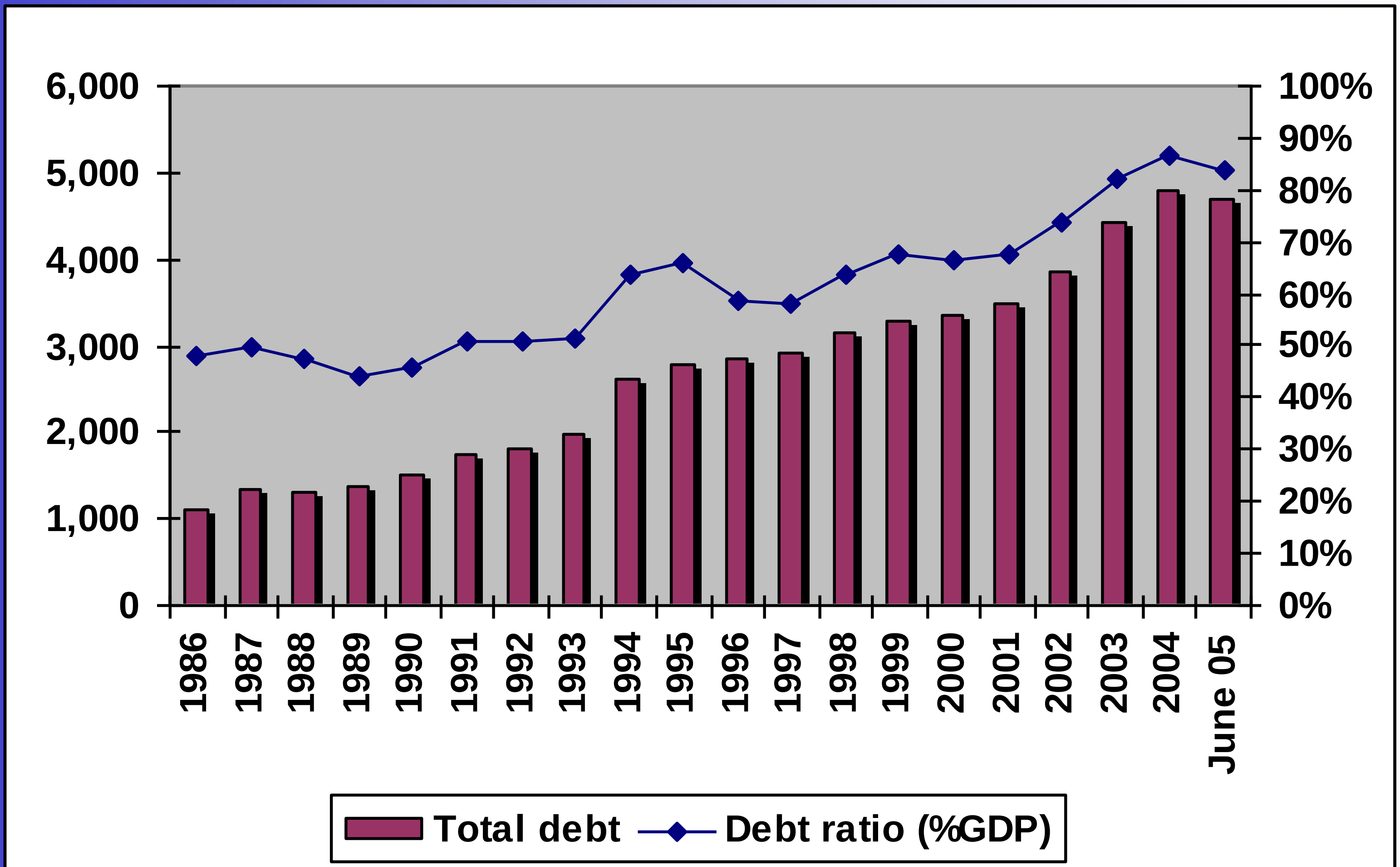
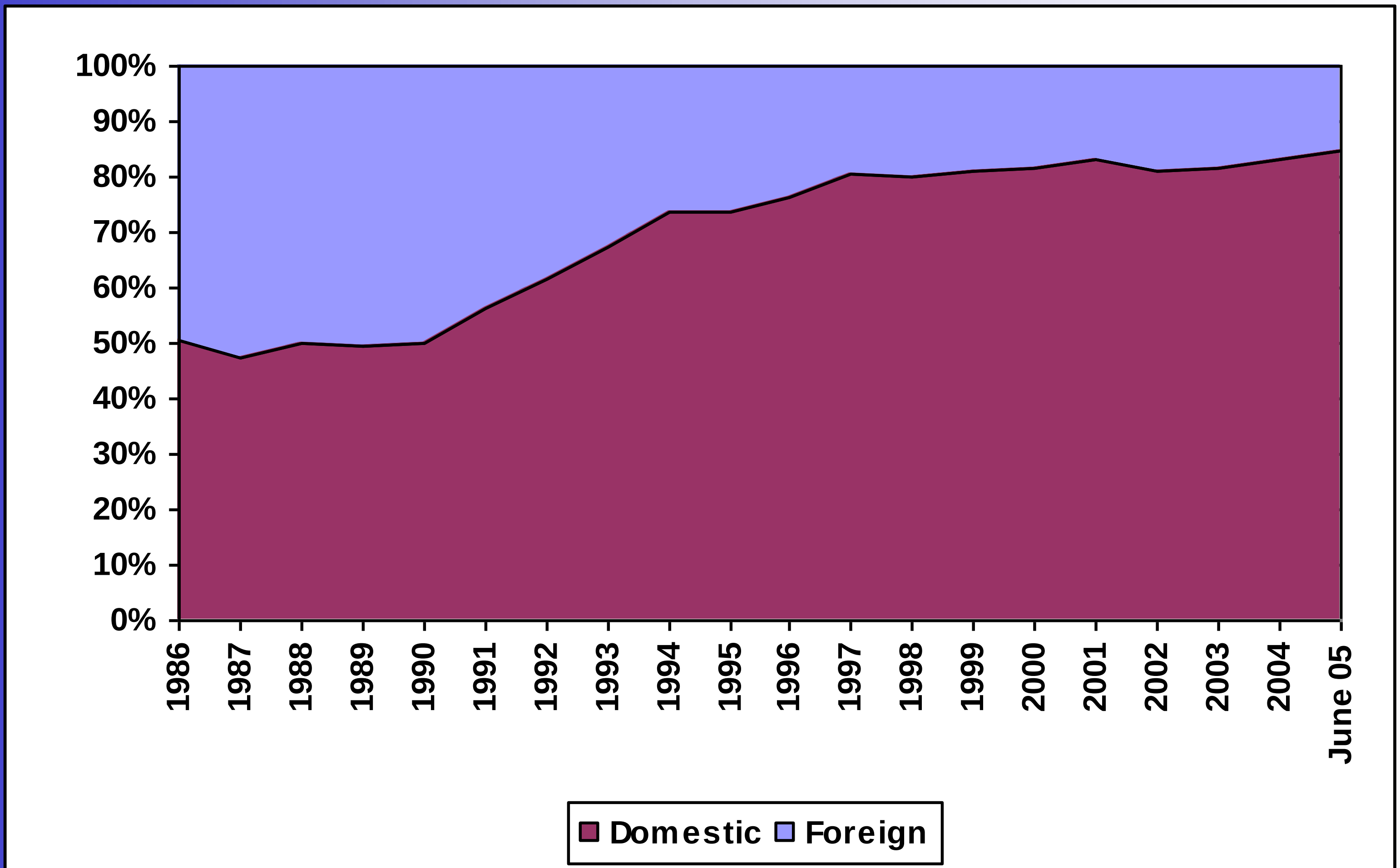
Development in total debt

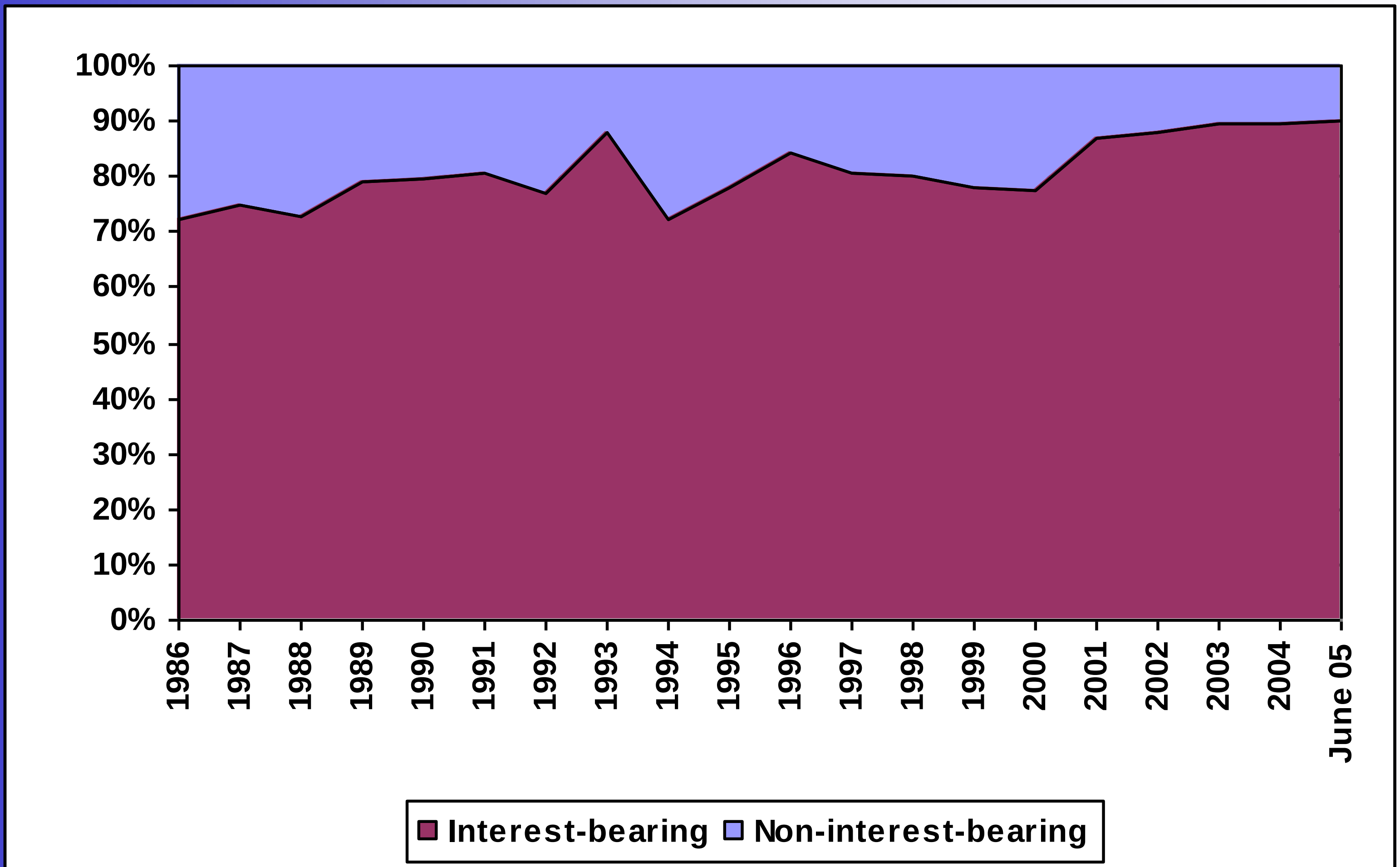


Note: New GDP-series from 1996

Debt composition (1)

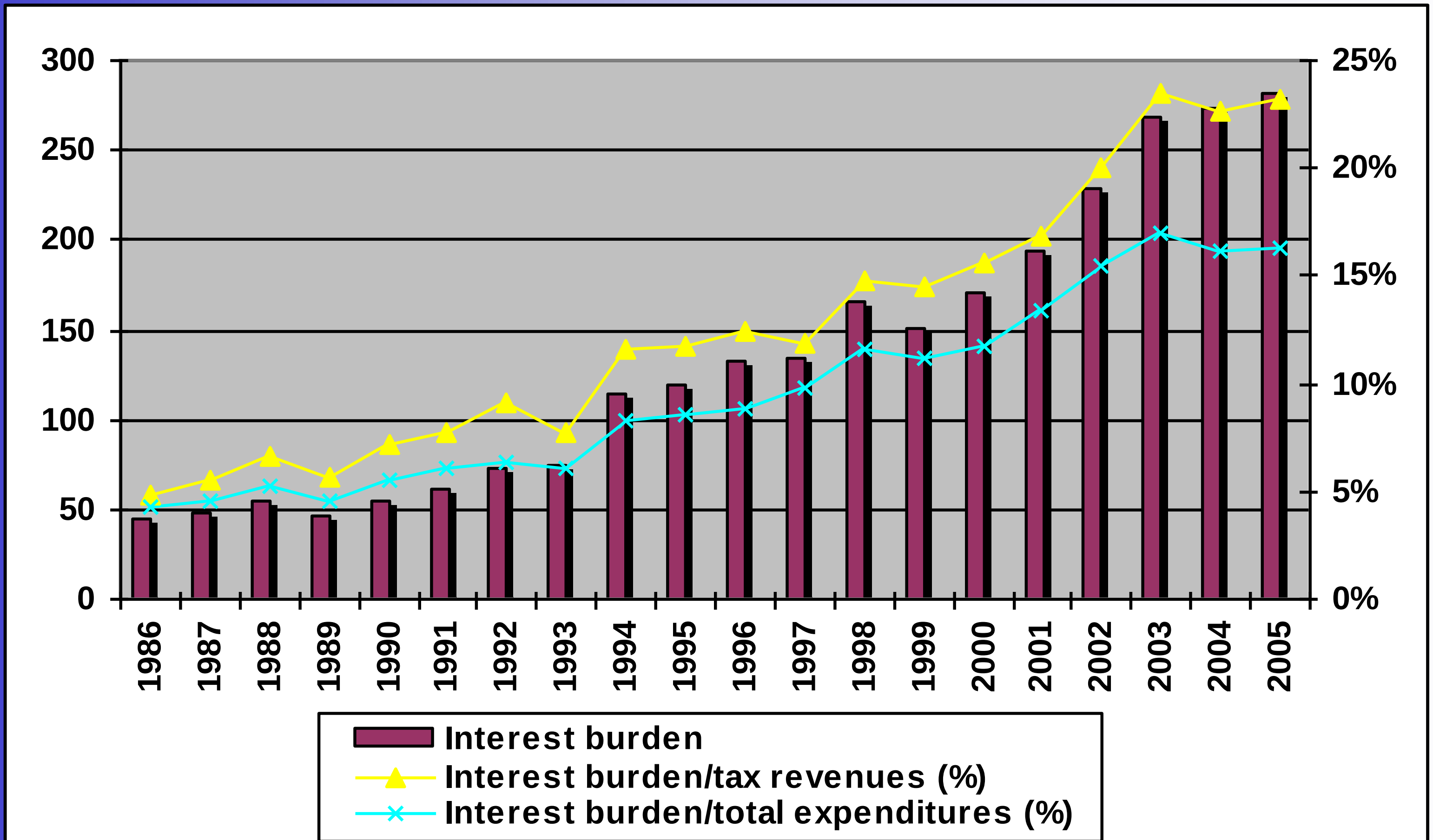


Debt composition (2)

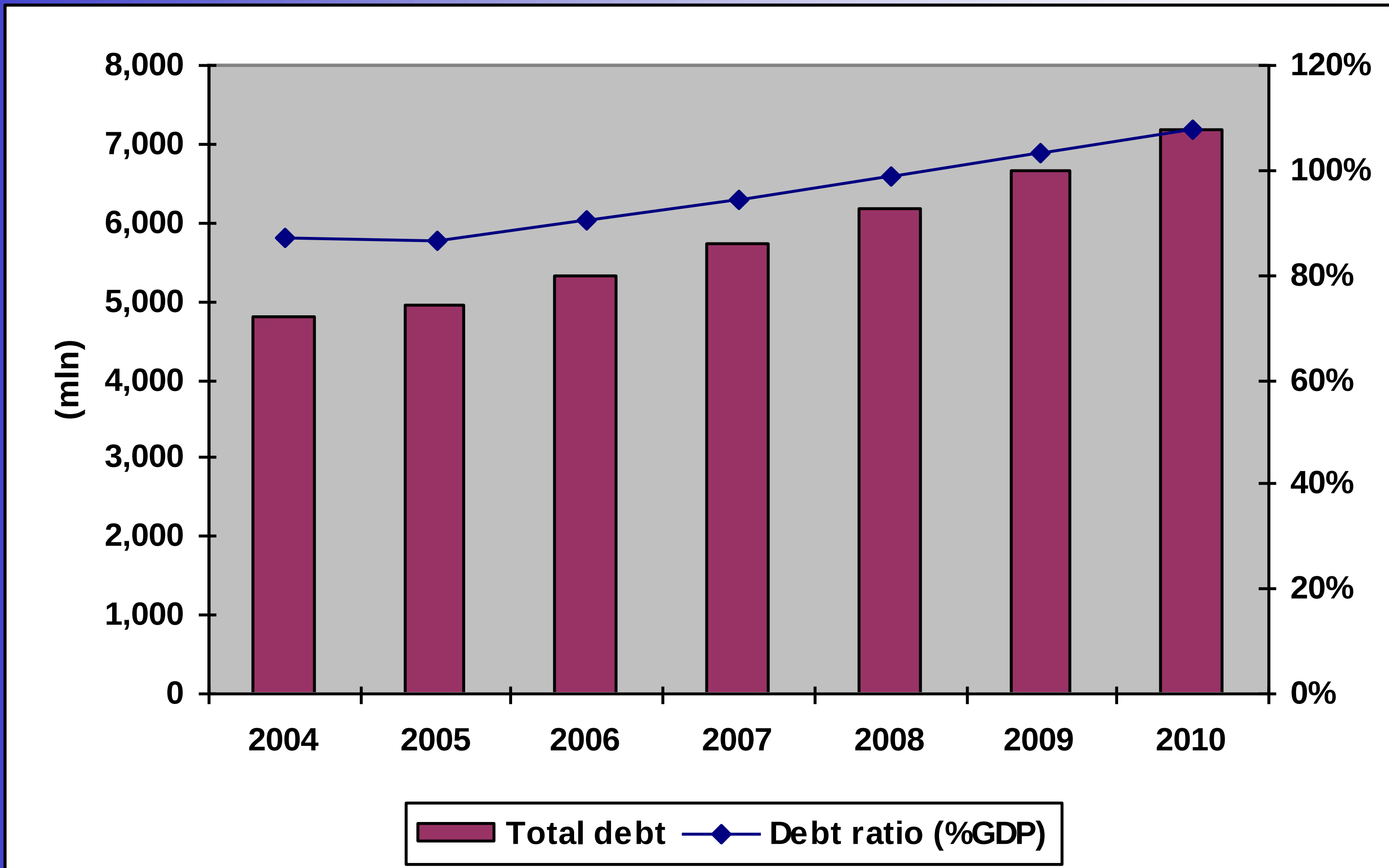


Interest burden

(mln. NAf)

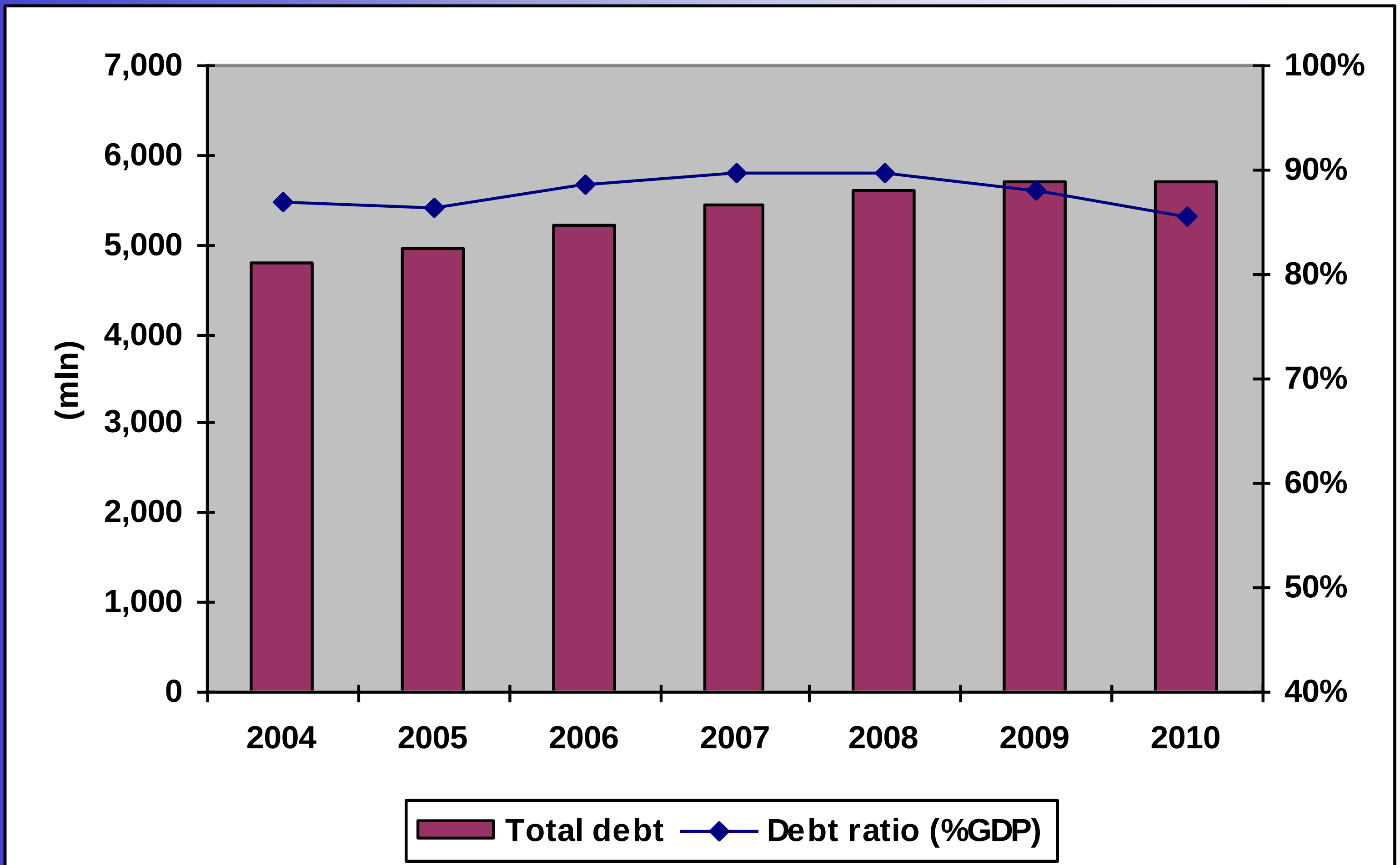


Debt development (unchanged policy)



- Debt increases from NAf 4.8 billion to NAf 7.2 billion.
- Debt ratio increases from 87% to 108%.

Debt development (policy scenario)



- Debt increases from NAf 4.8 billion to NAf 5.7 billion.
- Debt ratio increases from 87% in 2004 to 90% in 2007 and then declines to 86% in 2010.

Distribution central government debt
(2004)

12/31/2004	Debt	%GDP	Debt	%GDP
	Before distribution CG		After distribution CG	
Bonaire	127.5	44%	371.3	127%
Curacao	2,671.8	65%	4,190.1	102%
St. Maarten	176.0	18%	746.4	76%
St. Eustatius	12.9	11%	79.5	71%
Saba	17.5	52%	68.9	204%

Debt relief plan

1. The Netherlands will take over the entire debt of the Netherlands Antilles through the establishment of a special foundation.
2. The debt will be refinanced by the Netherlands under more favorable conditions as it matures.
3. The Netherlands Antilles will forgo the annual funds provided by the Netherlands for the financing of development projects.
4. The funds that become available will be transferred to the special foundation to service the debt that has been taken over.
5. The authority of Curacao and St. Maarten to borrow, will be eliminated while they will be legally bound to balanced budgets.
6. A budget chamber will be established to safeguard the integrity of the budgetary process (i.e., preparation, compilation, and implementation of the islands' budgets according to the budget legislation and rules).
7. The establishment and functioning of the special foundation and the budget chamber will be anchored in a Kingdom's act.