MOODY'S INVESTORS SERVICE

CREDIT ANALYSIS

Rate this Research

St Maarten, Government of

RATINGS

St Maarten

	Foreign Currency	Local Currency
Gov. Bond Rating	Baa1	Baa1
Country Ceiling	A2	A1
Bank Deposit Ceiling	Baa1	A1

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This Credit Analysis provides an in-depth discussion of credit rating(s) for St Maarten, Government of and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Overview and Outlook

St Maarten's Baa1 government bond ratings are supported by comparatively high economic development and moderate debt levels. St. Maarten's 2012 per capita GDP of $25,875 is more than double the Baa category median. High wealth levels mitigate the country's heavy dependence on tourism and susceptible to weather-related shocks and support its ability to quickly rebuild and adapt in the aftermath of a major storm.

In 2011 debt to GDP fell to 20.1% from 29.5% in 2009, as a result of debt forgiveness provided by the Dutch government as part of the breakup of the Netherlands Antilles. In 2012 debt began to climb, but we expect it to resume its downward trajectory. Given recent better-than-expected fiscal performance, we project debt to be around 21% of GDP in 2013 and below 20% in 2014. Support from the Netherlands, in the form of low interest long-term financing, fiscal oversight, and assistance with security matters, will likely continue for a few more years. We consider this assistance a key ratings support.

The ratings are constrained by the untested nature of the country's institutions, given that St Maarten gained greater independence a little more than three years ago. St. Maarten is located on the Caribbean island of Saint Martin, the other half being French territory. Prior to 2010 St. Maarten was part of the Netherlands Antilles. On 10 October 2010 it became a constituent country of the Kingdom of the Netherlands.

St. Maarten's small, undiversified and slowly growing economy also constrains the ratings. The country's nominal GDP is just US$1 billion (second smallest among all rated sovereigns) and GDP growth has been lackluster in recent years, as with most Caribbean nations, showing a modest 0.8% average growth since 2008. We expect a slight pickup in growth to 1.5% in 2013 and 2.0% in 2014, and anticipate growth to remain in the 1%-2% range over the medium term. But even such a low level of growth is highly contingent on external conditions and comes with significant downside risks. The economy is heavily dependent on tourism, which represents about 80% of GDP, and unlike other high income Caribbean islands, such as the Bahamas (Baa1) or Cayman Islands (Aa3), St Maarten lacks an offshore financial sector. Efforts to diversify the economy will likely build on the existing tourism-related infrastructure and St Maarten's role as a regional hub.

The stable outlook reflects our view that fiscal restrictions limiting debt service to no more than 5% of public revenues and continued support from the Netherlands will help stabilize the debt burden at current relatively moderate levels. A sustained and permanent reduction of debt metrics, together with clear evidence of policy continuity even in the absence of external oversight could lead to upward ratings pressure. Conversely, a persistent increase in debt metrics could lead to downward ratings pressure. Reduced external support without an equivalent increase in domestic institutional strength could also lead to a downgrade.

This Credit Analysis elaborates on St Maarten's credit profile in terms of Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk, which are the four main analytic factors in Moody's Sovereign Bond Rating Methodology.

Rating Rationale

Our determination of a sovereign's government bond rating is based on the consideration of four rating factors: Economic Strength, Institutional Strength, Fiscal Strength and Susceptibility to Event Risk. When a direct and imminent threat becomes a constraint, that can only lower the preliminary rating range. For more information please see our Sovereign Bond Rating Methodology.

Economic Strength: Moderate (+)

High wealth levels counterbalanced by small scale, subdued growth and limited diversification of the economy

Factor 1

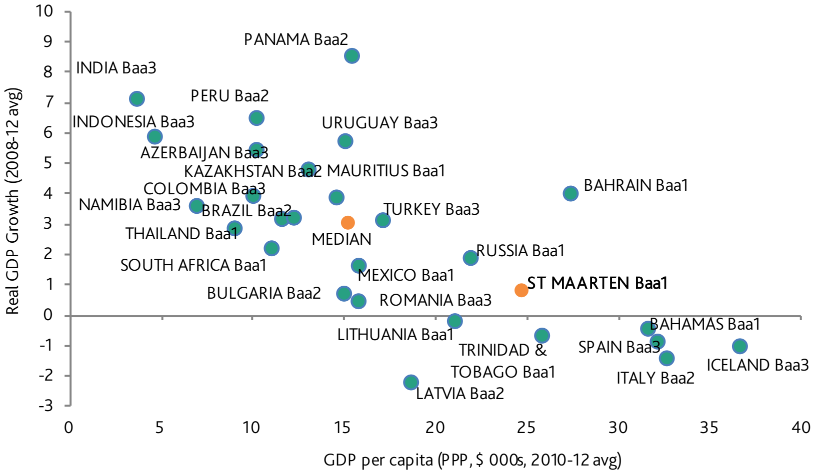
Scale		VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-	
	+							■									-

Economic strength evaluates the economic structure, primarily reflected in economic growth, the scale of the economy and wealth, as well as in structural factors that point to a country's long-term economic robustness and shock-absorption capacity. Economic strength is adjusted in case excessive credit growth is present and the risks of a boom-bust cycle are building. This 'Credit Boom' adjustment factor can only lower the overall score of economic strength.

St. Maarten's Moderate (+) economic strength assessment balances comparatively high economic development against stagnant growth and a very small and undiversified economy. St. Maarten's 2012 $25,875 per capita GDP is more than twice the $10,309 Baa median and substantially higher than the $16,037 Baa median measured in PPP terms, but the country's average real growth rate of 0.8% over the last five years is among the lowest in the Baa-rated space (Exhibit 1). In addition, the economy's size of just US$1 billion is the second smallest among rated sovereigns (Exhibit 2).

EXHIBIT 1

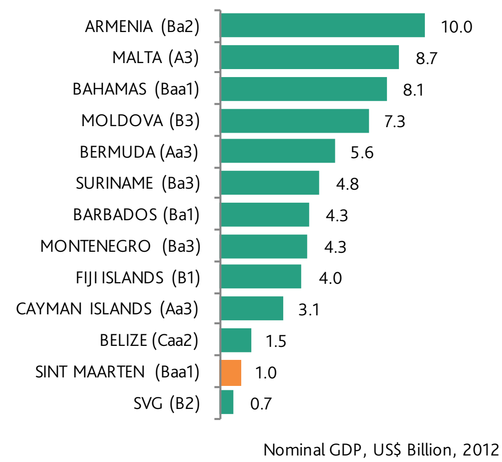
St Maarten is among the wealthier, but slower growing sovereigns in the Baa rating space



Source: Moody's Investors Service

EXHIBIT 2

Sovereigns rated by Moody's with economy size of less than US$10 billion



Source: Moody's Investors Service

Tourism represents about 80% of St Maarten's GDP, including the impact on domestic demand and construction. As a mature industry tourism is unlikely to lead to high growth although the small size of the economy means that a single major project can have a large and measurable impact on domestic output. In the years after the global financial crisis, stop-over tourist arrivals had been declining by an average of 0.5% annually, but have started to rebound since 2012. That year recorded a 7.6% y/y increase in stop-over arrivals, which grew by further 1.4% y/y in the first half of 2013 (Exhibit 3). After growing 4.7% y/y on average in the five years to 2007 the economy has settled since then, recording an average growth of 0.8% yearly from 2008 through 2012. For 2013/14 we expect a modest recovery to 1.5% -2.0% per year.

St. Maarten is still in the process of developing its own economic and financial statistics in the aftermath of its 2010 independence, so future data revisions are likely. Still, the drop in economic growth since 2008, followed by a modest recovery, mirrors similar economic trends in the rest of the Caribbean. Unlike some other Caribbean islands with similar ratings, such as Barbados (Ba1) or the Bahamas (Baa1), St. Maarten lacks an offshore financial sector. Efforts to diversify the economy will likely build on the existing tourism-related infrastructure and St. Maarten's role as a regional hub.

EXHIBIT 3

Recent tourism trends in the Caribbean

	Avg Annual Growth, 2007-12	Change H1 2013 / H1 2012	Share of Caribbean Arrivals
Curacao	7.0%	6.6%	5.5%
Aruba	3.2%	5.4%	11.8%
Jamaica	3.2%	-1.2%	26.0%
Cayman Islands	2.0%	6.2%	4.2%
Saint Lucia	1.3%	4.8%	4.0%
Dominica	0.4%	4.2%	1.0%
St Maarten	**-0.5%**	**1.4%**	**6.0%**
Martinique	-0.6%	1.7%	6.4%
Antigua & Barbuda	-1.2%	-5.2%	3.2%
Barbados	-1.3%	-6.7%	7.0%
Bahamas	-1.4%	-8.6%	18.6%
Grenada	-2.8%	-1.0%	1.5%
Anguilla	-3.6%	4.5%	0.8%
SVG	-3.7%	-10.1%	1.0%
Bermuda	-5.4%	-2.9%	3.0%

Source: Caribbean Tourism Organization

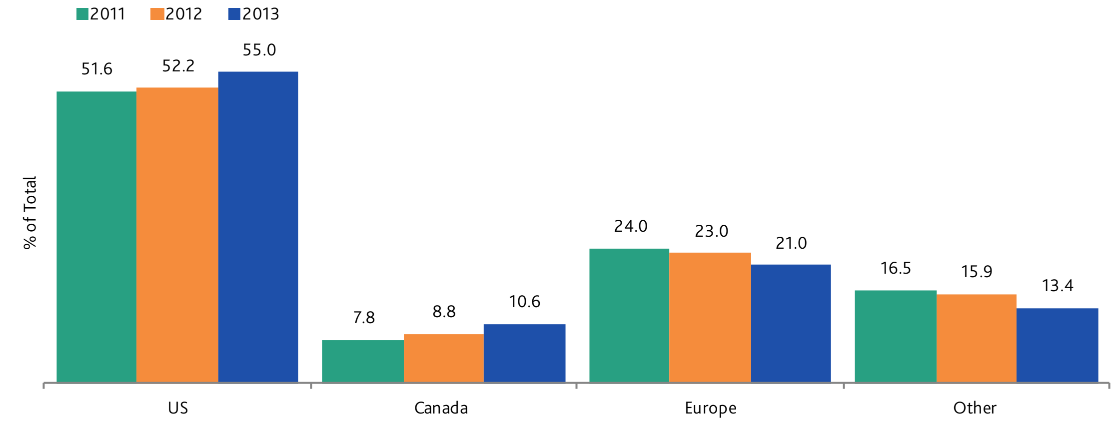
St. Maarten's 2012 per capita GDP of around US$ 26,000is similar to that of the Bahamas (Baa1 negative, Moderate (-) economic strength) but much lower than the more than US$ 53,000 of Cayman Islands (Aa2 stable, Moderate (+) economic strength). The median per capita GDP of rated sovereigns with Moderate economic strength is close to US$ 11,000 while the median of those with High economic strength is around US$ 25,000. St. Maarten's GDP per capita puts it closer to countries whose economic strength is assessed as High, but its small and concentrated economy limits upside potential.

Beyond the numbers, and in the Caribbean small islands context, an assessment of Moderate economic strength indicates a demonstrated ability to deal with natural disasters. For example, in 2004 Hurricane Ivan hit Grenada as a category 3 storm and then went on to the Cayman Islands as a category 5 storm. Grenada defaulted the following year while Cayman, despite losses estimated at about 200% of GDP, saw little impact on its fiscal accounts. It is such demonstrated ability to deal with shocks that supports Cayman's economic strength assessment. St. Maarten also suffered a series of hurricanes in the 1990s but the economy bounced back and adjusted. The waterfront was rebuilt and today 95% of electric cables are underground as a preventive measure against future storms.

St Maarten's relatively high economic development is counterbalanced by a highly concentrated economic structure, another common Caribbean theme. Its key tourism market is the US with over 50% of arrivals (Exhibit 4). Canada and the Netherlands are also important tourism markets. While diversifying the overall economy is not easy, diversifying the customer base is more feasible. South America, particularly Brazil, is growing in importance for St Maarten. However tourist arrivals outside of North America and Europe have been in relative decline over the last few years. Targeting South America still makes a lot of economic sense and is something that many Caribbean islands are exploring. The South American market is growing stronger in purchasing power, especially with the middle class emerging across the continent. Furthermore, the South American high season coincides with the Caribbean low season, the US summer, which is another advantage.

EXHIBIT 4

The US tourism market is by far the most important for St Maarten, while Europe's share is declining



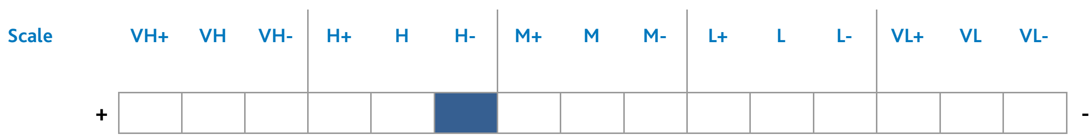
Source: Caribbean Tourism Organization

St. Maarten appeals more to the mid and high-end tourism segments, lacking the large all-inclusive resorts common in other islands. St Maarten's airport acts as a stepping point to other islands, including St. Bart's and Anguilla. Besides stay-over tourism, over 1.6 million cruise passengers a year arrive in St. Maarten, making its port one of the top transit spots in the world. The cruise industry alone represents 35 % of GDP.

Institutional Strength: High (-)

History of policy predictability and institutional support by the Netherlands are key credit strengths

Factor 2



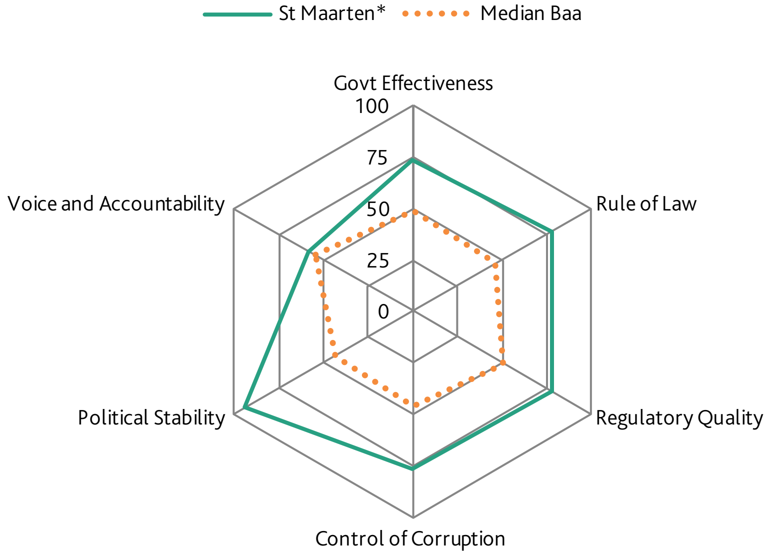
Institutional strength evaluates whether the country's institutional features are conducive to supporting a country's ability and willingness to repay its debt. A related aspect of institutional strength is the capacity of the government to conduct sound economic policies that foster economic growth and prosperity. Institutional strength is adjusted for the track record of default. This adjustment can only lower the overall score of institutional strength.

Our assessment relies on a country's rankings in different independent institutional indicators, as well as our qualitative assessment of the institutional arrangements supporting debt servicing. While no single indicator captures this concept fully we rely partly on the World Bank's Worldwide Governance Indicators (WGI)[1]. However, there are no World Bank governance indicators just for St. Maarten. The closest ones available are governance indicators for the Netherland Antilles, which includes St. Maarten and Curaçao, although Curaçao is by far the larger of the two economies. The Netherland Antilles outperform the median of Baa-rated peers in every category (Exhibit 5).

[1] The WGI is a set of six aggregate indicators, covering topics such as government effectiveness and the rule of law, based on the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. The indicators are reported as a number from -2.5 to +2.5, where higher is better.

EXHIBIT 5

World Bank governance indicators relative to Baa-rated peers



St Maarten represented by the combined score for St Maarten and Curacao (Netherlands Antilles)
Source: The World Bank, Moody's Investors Service

Given St. Maarten's lack of history as an independent country, predicting how its institutions would react in an adverse scenario is difficult. But support from the Netherlands partially mitigates these concerns, though it is not a permanent feature. This support includes:

» As part of the Kingdom of the Netherlands St. Maarten benefits from the Netherlands' legal system and ultimate judicial review. This arrangement is somewhat similar to other Caribbean nations that utilize the UK-based Privy Council as their court of final appeals. This institutional feature has no final deadline.

» For at least the next three years a specially set up council, the College Financieel Toezicht (CFT), will oversee St. Maarten's fiscal accounts. The CFT can reject budgets if it considers them unrealistic, which is something it has done in the past. St. Maarten has some fiscal constraints, such as the inability to issue debt if it leads to interest payments higher than 5% of public sector revenues. But the CFT's review extends beyond such ratios and measures: budget approval requires sustainable fiscal accounts and realistic macroeconomic assumptions. In 2011 the budget was rejected twice for overly optimistic growth projections. In 2016 there will be a review of what the CFT has accomplished and a decision made on whether to extend it.

» While direct government transfers from the Netherlands to St. Maarten are being phased out, Netherlands provides other monetary subsidies. As part of the effort to help the island develop its judicial system, several consultants and government employees from the Netherlands are working in St Maarten. The Dutch government pays part of these employees' salaries, offering support that has both economic and institutional value.

» Fiscal support goes beyond the CFT oversight. All of St. Maarten's debt is owed to the Netherlands, which lends at highly beneficial terms characterized by very low rates and very long maturities.

St Maarten's government is elected to four year terms, with the next elections due in 2014. Early elections are possible, given the recent spate of political uncertainty on the island: Prime Minister Sarah Wescot-Williams' current administration is an unstable coalition and depends on the support of independent deputies in the 15-member Staten (the parliament). However, regardless of the final outcome of political in-fighting, we do not expect any major policy change since there is ample policy consensus across the political spectrum, as is common in other Caribbean nations with strong institutional frameworks.

Fiscal Strength: Moderate (+)

Uncertainty over medium term fiscal trends, moderated by comparatively low debt burden and high debt affordability

Factor 3

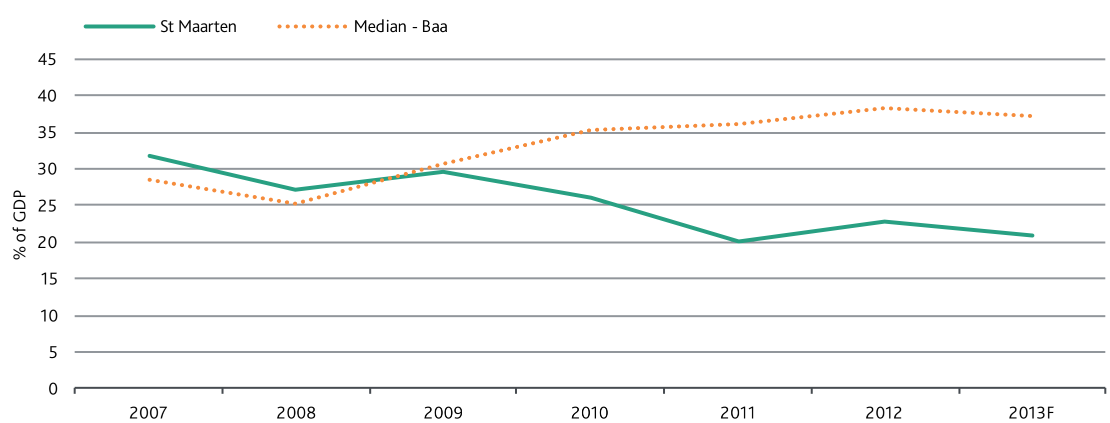
Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-	
+																-

Fiscal strength captures the overall health of government finances, incorporating the assessment of relative debt burdens and debt affordability as well as the structure of government debt. Some governments have a greater ability to carry a higher debt burden at affordable rates than others. Fiscal strength is adjusted for the debt trend, the share of foreign currency debt in government debt, other public sector debt and for cases in which public sector financial assets or sovereign wealth funds are present. Depending on the adjustment factor the overall score of fiscal strength can be lowered or increased.

St. Maarten's Moderate (+) government financial strength balances comparatively low debt burden against an expectation of rising debt metrics over the medium term as the government takes on greater responsibilities. Debt to GDP fell to 20.1% in 2011, compared to 29.5% in 2009, as a result of debt forgiveness by the Netherlands as part of the independence process. In 2012, the ratio deteriorated to 22.7%, but remained favorable in comparison with rating peers (Exhibit 6). We expect debt to GDP to decrease to around 21% in 2013, driven by better-than-expected fiscal performance.

EXHIBIT 6

Government debt compares favorably to rating peers

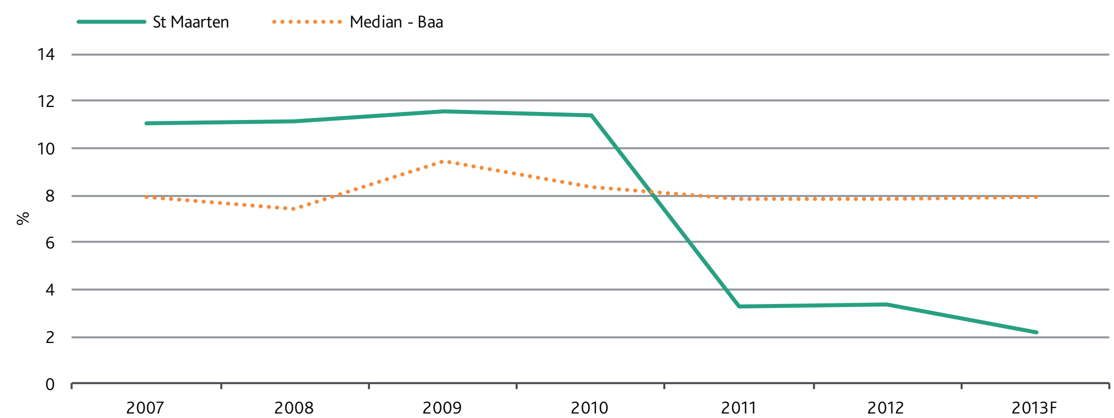


Source: Moody's Investors Service

The current debt stock of St. Maarten is what has been agreed with the Netherlands. All of this debt is owed to the Netherlands and is denominated in the local currency of St. Maarten. No principal payments are due for another four years and interest rates are quasi-concessional, resulting in low funding needs and very low interest servicing costs (Exhibit 7). And since the creditor also has veto power over any new issuance, the risk of funding problems remains low, at least as long as the current framework remains in place.

EXHIBIT 7

Share of government revenue consumed by interest payments declined significantly after independence, remaining very low compared to peers

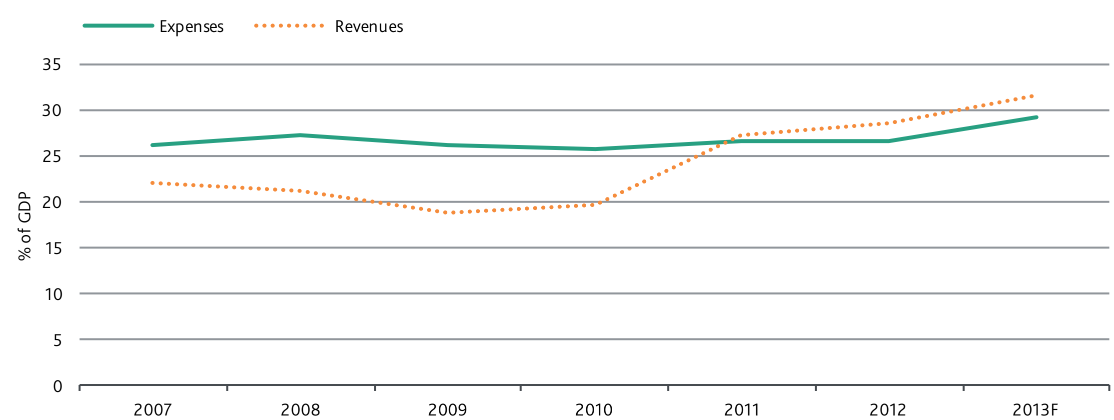


Source: Moody's Investors Service

While government expenditures have remained largely stable, revenues have increased since independence (Exhibit 8) as the authorities now keep taxes that used to be transferred to the Netherland's Antilles. By law the government must run a balanced current budget, and deficits can only result from capital expenditures. The initial 2011 budget included capital expenditures of 4%-5% of GDP which did not materialize, leading to a roughly balanced fiscal outcome. In 2012 a fiscal surplus of 1.8% of GDP was recorded. We expect budget surpluses of around 2.0% of GDP in 2013-14 as a gradual uptick in growth supports government revenues. Going forward the key concern regarding government finances is how the new government will manage competing pressures in the context of relatively low economic growth.

EXHIBIT 8

Government expenditure and revenue trends

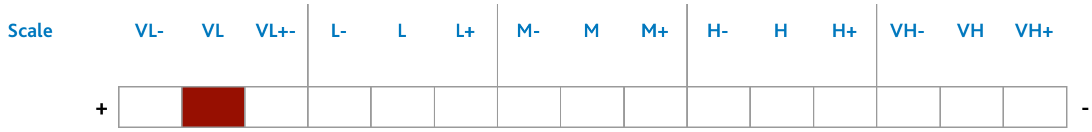


Source: Moody's Investors Service

Susceptibility to Event Risk: Very Low

High economic development and stable policy environment limit the risk of shocks

Factor 4



Susceptibility to Event Risk evaluates a country's vulnerability to the risk that sudden events may severely strain public finances, thus increasing the country's probability of default. Such risks include political, government liquidity, banking sector and external vulnerability risks. Susceptibility of Event Risk is a constraint which can only lower the preliminary rating range as given by combining the first three factors.

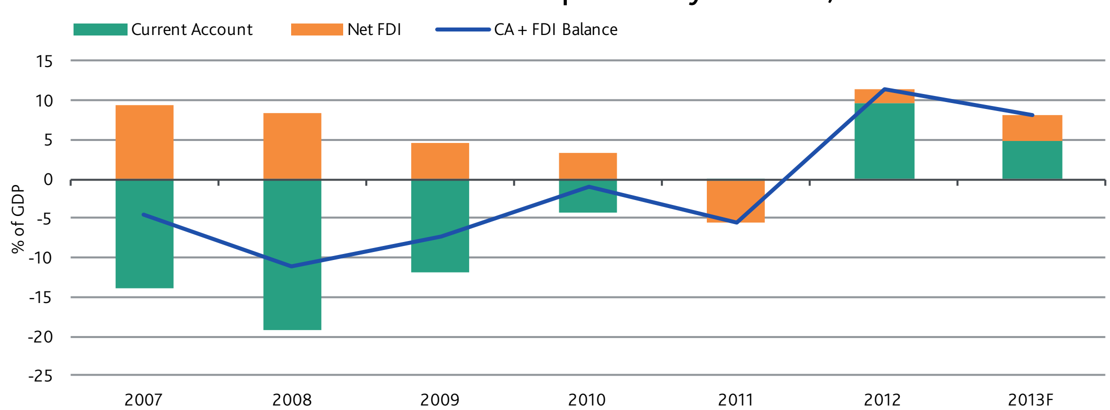
We assess St Maarten's Susceptibility to Event Risk, the risk of sudden multi-notch downgrade, as Very Low relative to our rating universe. The biggest concern derives from natural disasters, to which St. Maarten is prone. Hurricanes in the past led to losses of over 200% of GDP in other Caribbean small islands such as Cayman Islands, and a future major storm could place strong pressure on the fiscal and debt numbers, a risk heightened by the expected reduction in direct support from the Netherlands.

Political risk is negligible given policy consensus, but institutional transition risk, key in a nation that is still developing its own institutions, is a bigger concern. Support from the Netherlands remains a key credit strength, and any sudden reversal of this support would put downward pressure on the rating or outlook. Direct financial risk for the government remains low given the quasi-concessional nature of its current funding. Risk deriving from the banking sector is somewhat higher. IMF data for the whole currency union (St. Maarten and Curacao, where Curacao represents the bulk of the financial system) shows nonperforming loans (NPLs) of about 9%, with provisions covering about 75% of the NPLs.

The current account deficit averaged 5.3% of GDP from 2008 through 2012, but have dropped significantly from 19.3% of GDP in 2008 to 0.3% in 2011. Driven by a recovery in tourism-related receipts, the current account balance rebounded to a 9.7% of GDP surplus in 2012 (Exhibit 9), and we expect the positive trend to continue if the rebound in tourism is maintained for the rest of 2013 (stay-over arrivals were up 1.4% y/y in the first six months of the year). There is no reliable assessment of private sector debt, so reported external debt metrics likely underestimate the real numbers.

EXHIBIT 9

St Maarten's current account balance rebounded spectacularly in 2012-13,



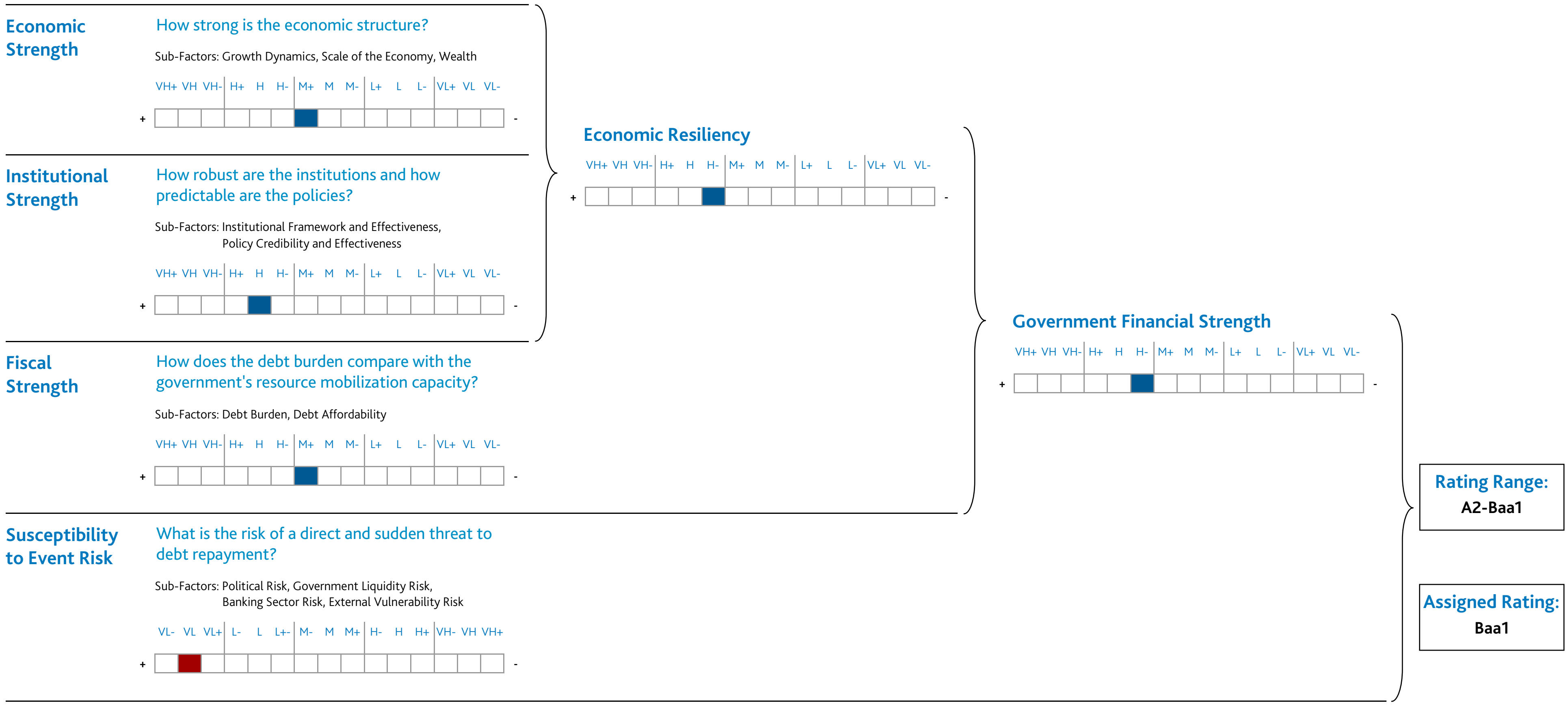
Source: Moody's Investors Service

St. Maarten belongs to a currency union together with the island of Curaçao, with its currency pegged to the dollar since 1970. In 2012 the two nations discussed a possible breakup, with full dollarization as a strong possibility for St. Maarten. But both governments have since chosen to defer any decision on the currency union as St. Maarten further develops needed technical institutions. The shared Central Bank is located in Curacao and will aim to create a fuller office within St Maarten proper.

Rating Range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Sovereign Bond Rating Methodology.

Sovereign Rating Metrics: St Maarten



Comparatives

This section compares credit relevant information regarding St Maarten with other sovereigns rated by Moody's Investors Service. It focuses on a comparison with sovereigns within the same rating range and shows the relevant credit metrics and factor scores.

Despite relatively high income levels, St Maarten's economic strength remains in line with peers due to its small economy and below average growth performance. Moderate to High government financial strength is common in the 'Baa' space. St Maarten's very low susceptibility to event risk is a key credit strength that compares favorably with peers, underpinning its Baa1 rating.

EXHIBIT 10

St Maarten Key Peers

		St Maarten	Bahrain	Lithuania	Trinidad and Tobago	Bulgaria	Latvia	Baa1 Median	Latin America & Caribbean Median
Rating/Outlook		Baa1/STA	Baa2/NEG	Baa1/STA	Baa1/STA	Baa2/STA	Baa2/POS	Baa1	Ba2
Rating Range		A2 - Baa1	Baa2 - Ba1	A3 - Baa2	A3 - Baa2	Baa1 - Baa3	Baa1 - Baa3	A2 - Baa1	Baa3 - Ba2
Factor 1	**Year**	**M+**	**M+**	**M+**	**L**	**M-**	**L+**	**M+**	**M-**
Nominal GDP (US$ Bn)	2012	1.0	27.1	42.3	23.9	51.0	28.4	42.3	31.6
GDP per Capita (PPP, US$)	2012	25,875*	28,744	21,615	20,087	14,312	18,255	16,650	11,776
Avg. Real GDP (% change)	2008-2017	0.6	3.8	1.7	0.9	1.8	0.9	2.6	3.3
Volatility in Real GDP growth (ppts)	2003-2012	1.4	2.2	7.3	6.3	4.1	8.9	3.3	2.6
Global Competitiveness Index, percentile [1]	2012	--	63.3	58.7	22.0	50.4	55.0	54.1	24.8
Factor 2		**H-**	**H-**	**VH-**	**M**	**M**	**VH-**	**H-**	**M**
Government Effectiveness, percentile [1]	2012	--	61.1	62.8	51.2	42.1	63.6	52.9	35.5
Rule of Law, percentile [1]	2012	--	55.3	66.9	40.4	42.9	69.4	46.2	28.0
Control of Corruption, percentile [1]	2012	--	58.6	59.5	38.0	46.2	57.0	45.0	36.3
Avg. Inflation (% change)	2008-2017	2.5	1.9	3.6	6.2	3.5	3.5	3.9	5.0
Volatility in Inflation (ppts)	2003-2012	--	1.2	3.3	2.7	3.1	4.6	2.7	2.7
Factor 3		**M+**	**M+**	**M**	**H+**	**H+**	**M+**	**H**	**M+**
Gen. Gov. Debt/GDP	2012	22.7	44.4	40.5	45.0	18.5	40.6	40.1	33.4
Gen. Gov. Debt/Revenues	2012	91.8	148.4	123.7	140.3	52.7	115.7	140.3	163.3
Gen. Gov. Interest Payments/Revenue	2012	3.3	4.9	5.9	6.0	2.5	3.9	6.9	9.0
Gen. Gov. Interest Payments/GDP	2012	1.0	1.5	1.9	1.8	0.9	1.4	1.8	1.9
Gen. Gov. Financial Balance/GDP	2012	1.8	-2.6	-3.3	-2.2	-0.8	-1.4	-2.4	-2.1
Factor 4		**VL**	**H+**	**M-**	**VL+**	**M+**	**M+**	**L+**	**M**
Current Account Balance/GDP	2012	9.7	8.1	-0.2	4.0	-1.3	-2.5	-0.4	-3.5
Gen. Gov. External Debt/Gen. Gov. Debt	2012	100.0	14.6	75.3	19.6	--	81.0	23.6	50.2
External Vulnerability Indicator	2014F	45.4	497.2	183.9	1.3	109.6	305.1	42.1	57.4

Notes: * market prices

[1] Moody's calculations. Percentiles based on our rated universe.

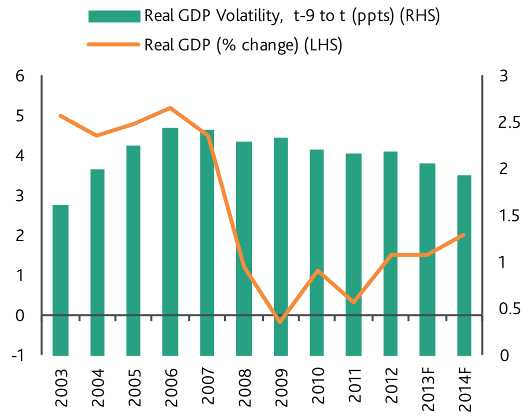
Source: Moody's, National Sources, IMF, World Bank

Appendices

Chart Pack

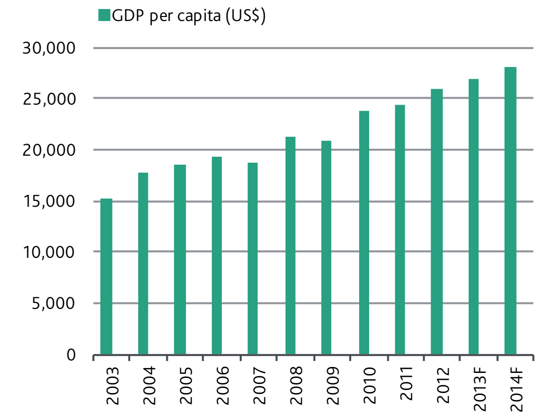
St Maarten

EXHIBIT 11
Economic Growth



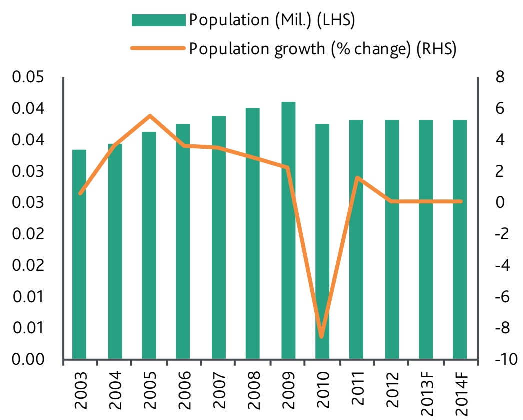
Source: Moody's

EXHIBIT 12
National Income



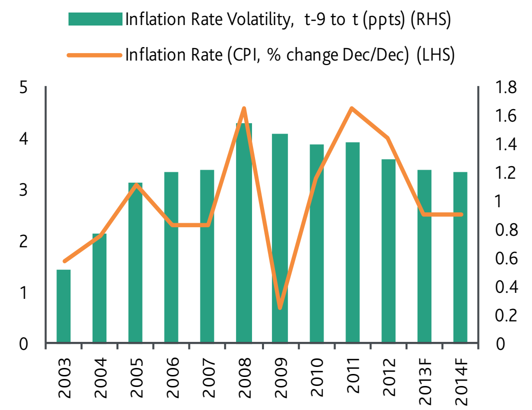
Source: Moody's

EXHIBIT 13
Population



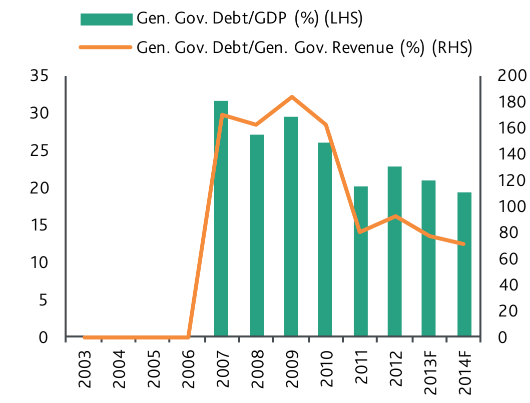
Source: Moody's

EXHIBIT 14
Inflation and Inflation Volatility



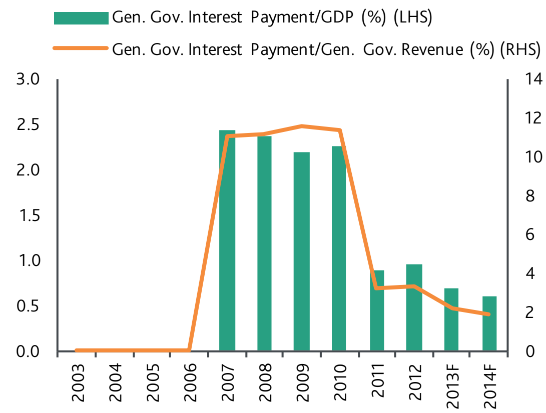
Source: Moody's

EXHIBIT 15
Debt Burden



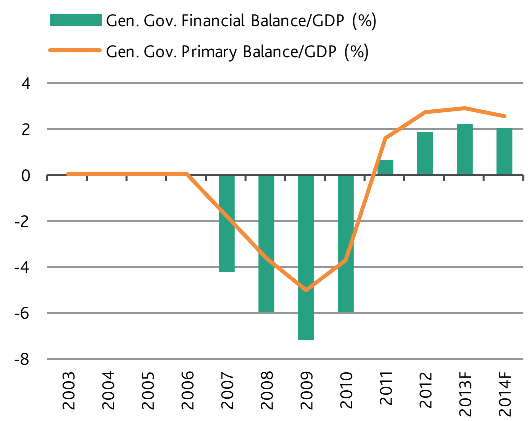
Source: Moody's

EXHIBIT 16
Debt Affordability



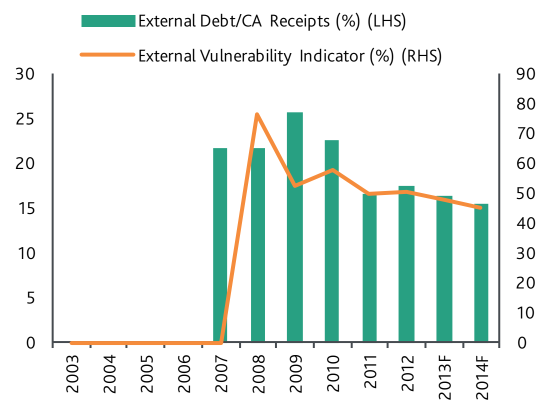
Source: Moody's

EXHIBIT 17
Financial Balance



Source: Moody's

EXHIBIT 18
External Vulnerability Risk



Source: Moody's

Rating History

St Maarten

	Government Bonds			Foreign Currency Ceilings		
	Foreign Currency	Local Currency	Outlook	Bonds & Notes	Bank Deposit	Date
St. Maarten						
Rating Assigned	Baa1	Baa1	Stable	A2	Baa1	November-12

Annual Statistics

St Maarten

	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F
Economic Structure and Performance										
Nominal GDP (US$, Bil.)	0.67	0.73	0.73	0.85	0.85	0.89	0.93	0.98	1.02	1.07
Population (Mil.)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
GDP per capita (US$)	18,490.49	19,300.46	18,656.90	21,224.27	20,890.84	23,732.08	24,404.59	25,874.74	26,919.44	28,144.27
GDP per capita (PPP basis, US$)	--	--	--	--	--	--	--	--	--	--
Nominal GDP (% change, local currency)	9.09	8.33	0.00	16.92	0.66	3.92	4.40	6.02	4.04	4.55
Real GDP (% change)	4.80	5.20	4.50	1.20	-0.20	1.10	0.30	1.50	1.50	2.00
Inflation (CPI, % change Dec/Dec)	3.10	2.30	2.30	4.60	0.70	3.20	4.60	4.00	2.50	2.50
Gross Investment/GDP	--	--	--	--	--	--	--	--	--	--
Gross Domestic Saving/GDP	--	--	--	--	--	--	--	--	--	--
Nominal Exports of G & S (% change, US$ basis)	7.15	4.30	3.59	-0.41	-6.72	4.44	10.35	13.71	2.06	2.00
Nominal Imports of G & S (% change, US$ basis)	26.19	-0.23	5.88	4.81	-11.60	-1.82	6.08	5.86	3.18	3.00
Openness of the Economy [1]	274.69	258.53	270.80	236.84	213.46	207.95	215.58	223.47	220.33	215.95
Government Effectiveness [2]	0.99	0.73	0.72	0.75	0.75	0.74	0.73	0.74	--	--
Government Finance										
Gen. Gov. Revenue/GDP	--	--	22.00	21.25	18.92	19.77	27.22	28.48	31.50	31.50
Gen. Gov. Expenditure/GDP	--	--	26.18	27.25	26.08	25.77	26.55	26.66	29.30	29.50
Gen. Gov. Financial Balance/GDP	--	--	-4.18	-6.00	-7.15	-6.00	0.68	1.82	2.20	2.00
Gen. Gov. Primary Balance/GDP	--	--	-1.74	-3.63	-4.97	-3.75	1.57	2.77	2.90	2.60
Gen. Gov. Debt (US$ Bil.)	--	--	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Gen. Gov. Debt/GDP	--	--	31.7	27.2	29.5	26.1	20.1	22.7	20.9	19.5
Gen. Gov. Debt/Gen. Gov. Revenue	--	--	170.1	161.9	183.6	161.4	80.8	91.8	76.5	71.2
Gen. Gov. Int. Pymt/Gen. Gov. Revenue	--	--	11.1	11.2	11.5	11.4	3.3	3.3	2.2	1.9
Gen. Gov. FC & FC-indexed Debt/GG Debt	--	--	--	--	--	--	--	--	--	--
Gross Borrowing Requirements/GDP	--	14.2	23.9	20.7	18.5	2.9	0.5	6.2	5.7	2.9
General Government External Debt/ Total General Government Debt	--	--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

St Maarten

	2005	2006	2007	2008	2009	2010	2011	2012	2013F	2014F
External Payments and Debt										
Nominal Exchange Rate (local currency per US$, Dec)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Real Eff. Exchange Rate (% change)	--	--	--	-0.3	1.7	1.6	--	--	--	--
Current Account Balance (US$ Bil.)	-0.1	-0.1	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0
Current Account Balance/GDP	-20.2	-12.6	-13.8	-19.3	-12.0	-4.3	-0.3	9.7	4.9	2.6
External Debt (US$ Bil.)	--	--	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2
Public Sector External Debt/Total External Debt	--	--	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term External Debt/Total External Debt	--	--	--	--	--	--	--	--	--	--
External Debt/GDP	--	--	31.7	31.8	29.7	27.1	21.0	24.1	21.8	20.3
External Debt/CA Receipts [3]	--	--	21.7	21.8	25.6	22.6	16.6	17.4	16.3	15.6
Interest Paid on External Debt (US$ Bil.)	0.01	0.01	0.02	0.01	0.02	0.02	0.01	0.02	0.01	0.01
Amortization Paid on External Debt (US$ Bil.)	0.06	0.09	0.18	0.17	0.14	0.17	0.15	0.16	0.16	0.16
Net Foreign Direct Investment/GDP	--	--	9.3	8.3	4.6	3.3	-5.4	1.8	3.3	4.2
Net International Investment Position/GDP	--	--	--	--	--	--	--	--	--	--
Official Foreign Exchange Reserves (US$ Bil.)	--	--	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Net Foreign Assets of Domestic Banks (US$ Bil.)	0.3	0.3	0.3	0.3	0.6	0.9	0.7	0.6	--	--
Monetary, External Vulnerability and Liquidity Indicators										
M2 (% change Dec/Dec)	--	--	--	--	--	--	--	--	--	--
Monetary Policy Rate (% per annum, Dec 31)	4.5	5.5	5.0	1.0	1.0	1.0	1.0	1.0	--	--
Domestic Credit (% change Dec/Dec) [6]	19.5	19.9	8.8	7.9	11.1	0.9	-2.4	-3.3	--	--
Domestic Credit/GDP [6]	83.5	92.4	100.6	92.8	102.4	99.5	93.0	84.8	--	--
M2/Official Forex Reserves (X)	--	--	--	--	--	--	--	--	--	--
Total External Debt/Official Forex Reserves	--	--	105.8	85.6	86.0	76.5	57.2	65.7	61.1	58.6
Debt Service Ratio [4]	7.5	10.8	18.9	17.0	15.9	18.0	14.7	14.0	13.4	13.0
External Vulnerability Indicator [5]	--	--	--	76.5	52.2	57.7	49.9	50.4	47.4	45.4
Liquidity Ratio [6]	--	--	--	--	--	--	72.6	24.1	--	--
Total Liab. due BIS Banks/Total Assets Held in BIS Banks	--	--	--	--	--	2,087.5	77.2	21.9	--	--
"Dollarization" Ratio [7]	17.6	19.5	16.9	19.9	18.5	20.3	19.0	17.3	--	--
"Dollarization" Vulnerability Indicator [8]	--	--	39.9	39.1	33.5	29.0	33.4	33.5	--	--

Notes:

[1] Sum of Exports and Imports of Goods and Services/GDP

[2] Composite index with values from -2.50 to 2.50: higher values suggest greater maturity and responsiveness of government institutions

[3] Current Account Receipts

[4] (Interest + Current-Year Repayment of Principal)/Current Account Receipts

[5] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves

[6] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks

[7] Total Foreign Currency Deposits in the Domestic Banking System/Total Deposits in the Domestic Banking System

[8] Total Foreign Currency Deposits in the Domestic Banking System/(Official Foreign Exchange Reserves + Foreign Assets of Domestic Banks)

Moody's Related Research

Credit Opinion:

» St. Maarten, Government of

Sector Comment:

» Curaçao and Sint Maarten Maintain Central Bank and Currency Union, Avoiding a Credit Negative, August 2012 (145001)

Statistical Handbook:

» Moody's Country Credit Statistical Handbook, May 2013 (159963)

Rating Methodologies:

» Sovereign Bond Ratings, September 2013 (157547)

» Sovereign Default and Recovery Rates, 1983-2012, June 2013 (154805)

Moody's Website Links:

» Sovereign Risk Group Webpage

» Sovereign Ratings List

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Related Websites

For additional information, please see:

» Central Bank of Curaçao and St. Maarten

» International Monetary Fund – International Finance Statistics

» World Bank

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