



YEAR END MACRO MONITOR REPORT 2014/OUTLOOK 2015

Executive Summary / Press Release

Overview St. Maarten's Economic Developments 2014/2015

For the year 2014, the economy of St. Maarten continued to show its strength and resilience despite the few global occurrences in its major source markets and from a domestic perspective, the passage of a category 3 hurricane and the uncertainty normally experienced in an election year. Activities in various sectors have been favorable for the 12 month period when compared to the year 2013. Given the developments for 2014, the Department of Economy, Transport and Telecommunication, have tabulated its preliminary GDP growth at an estimated 1.7 percent for 2014.

This growth is substantiated with the exemplary performance in the tourism sector that in turn triggered the hotel and restaurant sector and wholesale and retail sector among others. Stay-over arrivals to the island grew by 7.1 percent for the period 2014 when compared to 2013. This amounted to a near 500,000 visitors, which indicates 50,000 more visitors to the island when compared to average number of visitors over the past 20 years. Interestingly for the year 2014, visitor arrivals from all major markets to St. Maarten showed increased growth likewise. When compared to the previous year 2013, the North American region had an 8.6 percent increase, while Europe, Caribbean, South American region and the considered Rest of the World region showed increasing growth between 3 and 7.5 percent. In the cruise sector, St. Maarten was able to achieve the milestone of accommodating over 2 million cruise arrivals for the year 2014. This indicates a growth of 12.1 percent when compared to the year 2013.

Indications from the Airport and Harbour, are that activities in the transport and communication sector grew in 2014 as against the year 2013. For the period activities regarding transport at the airport grew by 6.7 percent. This was notable with the increased number of commercial and chartered flights to the island, which also resonates with the growth in stay-over visitors' arrival. For the period there was a 6 percent increase in the number of aircraft arrivals, increasing from 28,590 in 2013 to 30,493 in 2014. This increase was notable in airlifts from the North American and Europe and South American region. From the Harbour, there was increased activity in all areas of transport for the year 2014 when compared to 2013; directly in the Harbour cruise ships arrivals increased by 10



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percent while cargo ships increased 3 percent. Other arrivals to St. Maarten based on data collected from other berthing areas; indicates that ship arrivals also increased 4 percent.

Regarding the business sector, there was a notable increase in the level of investment from the private sector. For the period there was the issuance of 334 new business licenses against 282 for 2013. This represents 18.4 percent increase in possible new businesses for 2014. However, it should be noted that most of these businesses were service oriented that did not require heavy startup capital. From the financial institutions, the value of business loans to local residents increased 1.7 percent for 2014, however there was an overall decreased of 2.9 percent value of business loans issued when compared to 2013. From the construction sector, even though the quantity of building permits issued in 2014 was less than that of 2013, however, based on the information gathered from the Ministry of Public Works (VROMI), the estimated value of the construction projects for the period of 2014 surpassed that of 2013.

Inflation recorded a decrease to 1.9 percent for 2014 down 0.6 percent from 2013. This decrease is substantiated with the drop in world oil price and inevitably the reduction in the cost of oil products, alike. Other indicators include: exports increasing by an estimated 9 percent moving from Naf 2.2 billion in 2013 to and estimated Naf. 2.4 billion in 2014. On the other hand, imports are also estimated to have increase in 2014 by Naf 89 million. Again, a trade surplus is estimated for 2014, since the nominal value of exports is estimated higher than imports, as have been the experience over the last three years.

For 2014 government revenues amounted to an estimated Naf 430.2 million which is a Naf.61.3 million decrease when compared to the Naf 491.5 million collected during the same period for 2013. This reduction in revenues was mainly due on the part of fees and concession revenue and other income from business for 2014. Also should be noted, is that the revenues collected for 2013 includes concession of Naf 10 million that relates to the years 2015 and 2016.

With expenditures, this also decreased by 10.6 percent in 2014 when comparing the same period 2013. Total expenditures were Naf 438.4 million in 2014 compared to Naf 490.6 million in 2013. Analysis of the financial developments for 2013 indicates that there was a fiscal deficit of Naf 8.2 million, since the expenditures were more than the revenues.

Based on the department's research and analysis of the various economic developments within the region and on an international level, St. Maarten's economic outlook for 2015 is of a positive growth. Preliminary projections on key economic indicators are; real GDP growth of 1.1 percent, inflation to decrease to 1.4 percent, cruise arrival to increase 1.8 percent, stay-over arrivals to increase 1.8 percent. The projected increase in growth and the



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tourism developments for 2015 are attributed to the projected growth in the U.S. and other major economies for 2015. Additionally, there is the continued intent of government and a number of other private entities to embark on activities that will further trigger the construction, transport, hotel and restaurant and telecommunication sectors. Inflation is projected to decrease for 2015. This will likely be attributed to continued drop in the world oil prices and oil products. From the trade sector, exports are projected to grow 3.4 percent, while imports are also projected to grow 1.4 percent for 2015.

As the year 2015 prolongs, EVT will continue its economic monitoring and updating where necessary with regards to these preliminary projections.

Once again EVT would like to reiterate that the estimated forecasting figures are preliminary since they are derived from the economic developments of the various sectors during each quarter. EVT would also like to take the initiative to thank all the internal and external stakeholders who have been supportive with the provision of data. Therefore it is important to emphasize that this publication analysis is again reliant on the provision of up to date and timely submission of economic data. For further information on this Macro Monitor report, the Department of Economy, Transport and Telecommunication can be contacted, via telephone number 1-721-549-0220. Inquiries may be made via EVT.Inquiries@sintmaartengov.org. Copies of the report can be obtained via the Government website www.sintmaartengov.org, located under the Ministry of Tourism, Economic Affairs, Transport and Telecommunication, via the Department of Economy, Transportation and Telecommunication.



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