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PRESS RELEASE

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Sustained economic growth in 2007, and confidence in the future

Preliminary estimates of the Central Bureau of Statistics and the Department of Economic and Policy Research indicate that the economy of St.Maarten has increased with 4.5 percent in 2007 as measured by the real Gross Domestic Product (GDP). This growth rate is slightly lower than the 5.2 percent of 2006.

An analysis of the economic activities by industry shows that this 4.5 growth rate was the result of a combination of decelerating growth in some of the main industries like construction, horeca, and transport and communication and an accelerating growth in other industries such as trade and financial intermediation. This press release contains some of the main results.

The construction industry plays an important role in the economy of St.Maarten. Its contribution to Gross Domestic Product is equal to about 10 percent. The value added in 2007 is about NAf 132 million. Preliminary estimates indicate a real value added growth of 9 percent in 2007, which is lower than the 13 percent growth rate of 2006. The increase in activities is also apparent from the increase in the number of employed by 19 percent from 1852 in 2005 to 2208 in 2007.

Economic activities in the horeca industry show a decrease in economic activities of 1 percent to 83 million. Developments in this industry are closely related to developments in tourism. The data up to September 2007 indicate a slight decrease in the number of stay over tourists. For 2007 it is estimated that the overall number of stay-over tourists will be more or less equal to the amount of the year 2006.

With regard to transport a marginal increase (1.5 percent) was observed in container movements.

Another indicator that indicates a slower pace of growth is the decrease of the growth rate of the turnover tax from 9 percent in 2006 to 3 percent in 2007, a decrease of 6 percentage points.

Some industries that show a higher growth rate are trade and financial intermediation. Economic activities in the trade industry have increased with 6 percent in real terms to NAf 255 million.

Economic activities in the financial services sector in St. Maarten, which consist of mainly banking and insurance and some offshore activities, have increased with about 7 percent to NAf 104 million. There has been a 9 percent increase in loans of commercial banks (September 2007) and an increase of 13 percent of the number of employees in this sector.

Above results are based on economic indicators combined with results of the conjuncture survey that was conducted in June 2007. This survey collects recent information on a regular basis about business and economic developments. Furthermore the survey provides information about expectations and opinions of entrepreneurs.

Some of the expectations and opinions of entrepreneurs in the non-financial sector are the following:

- The percentage of companies which have confidence in the future is very high (74%) in comparison to the previous year.
- The percentage of companies which rated the investment climate as good has increased from 26 to 31 percent. As is the case in former surveys, most of the companies considered the investment climate to be 'moderate': almost 60 percent.
- About 56 percent of the companies expect to make a profit, which is considerably less than the 67 percent of the preceding year. Medium sized (10-50 employees) and large companies (50 employees and over) seem to do much better in terms of gross profit than small companies (up to 10 employees).