



**“A stronger relationship with the European Union may improve Curacao’s social and economic performance only if the current economic weaknesses are addressed accordingly”**

**Seminar Europe Direct Curaçao  
The European Union and the Dutch  
Caribbean Overseas Countries**

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- I. Curaçao's economic performance in the past decades
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## I. Curaçao's economic performance in the past decades

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- **Real GDP contracted on average by 1.1% per year between 2001 and 2019**
- **Curaçao has remained in a recession since 2016, due to:**
  - The deep social and economic crisis in Venezuela
  - The closure of the refinery at the end of 2019
  - The outbreak of the COVID-19 pandemic in 2020
- **Unemployment has remained elevated since the year 2000 and peaked at 19.1% in 2019**
- **The last Population and Housing Census in 2011 indicated that 25.1% of households live under the poverty line while income inequality is relatively high**

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## I. Curaçao's economic performance in the past decades

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*“Will a stronger relationship with the European Union (EU) improve Curaçao’s economic performance and social conditions?”*

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## II. The European Union overseas territories: ORs and OCTs

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- **The EU includes 22 overseas territories linked to five Member States (France, the Netherlands, Denmark, Spain, and Portugal)**
  - 9 Outermost Regions (ORs)
  - 13 Overseas Countries and Territories (OCTs)
- **ORs are territories forming part of a member state of the EU but located at a significant distance from mainland Europe.**
- **OCTs are dependent territories that have a special relationship with one of the member states of the EU.**

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## II. The European Union overseas territories: OCTs and ORs

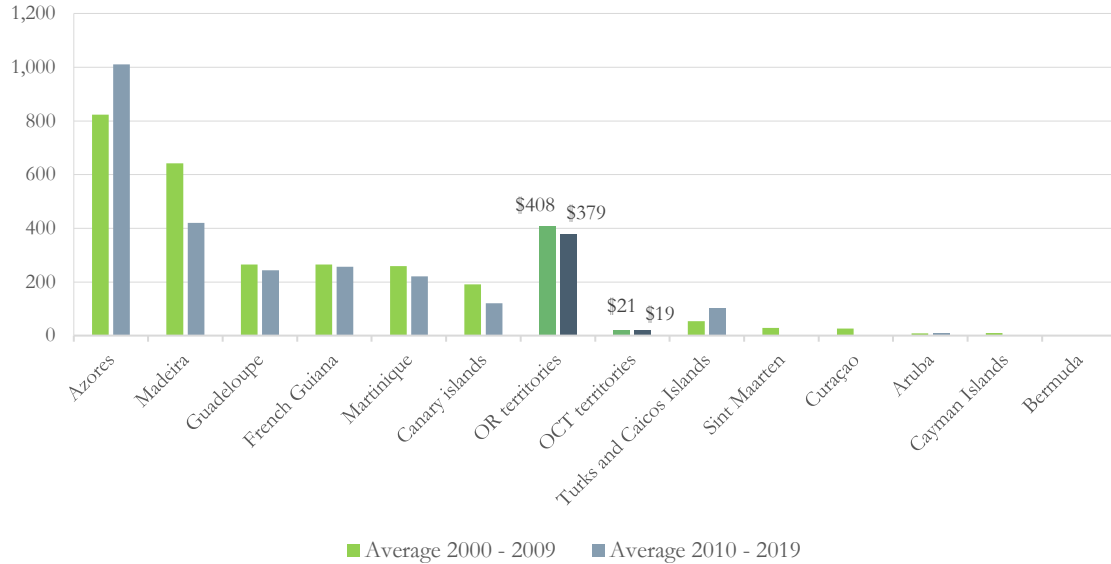
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- **ORs and OCTs shared characteristics:**
  - Small size and remoteness
  - Openness to trade
  - Little economic diversification
  - Small export base
  - Scarce domestic natural resources and labor supply
  - Proneness to natural disasters
  - Vulnerable to external shocks
  
- **ORs and OCTs also differ in some respects:**
  - The Acquis Communautaire is applicable to ORs, even though some exceptions may apply.
  - ORs form part of the EU trade regime while OCTs do not.
  - Restrictions on the movement of people from Europe do not apply to ORs.
  - Most ORs opt to set the Euro as legal tender.
  - ORs are eligible for more financial support and subsidies from several EU funds while OCTs only receive financial support from EU's European Development Fund (EDF).
    - A total of EUR 13.8 billion was allocated to the ORs in 2014-2020.
    - A total of EUR 364.5 million was allocated to the OCTs in 2014-2020



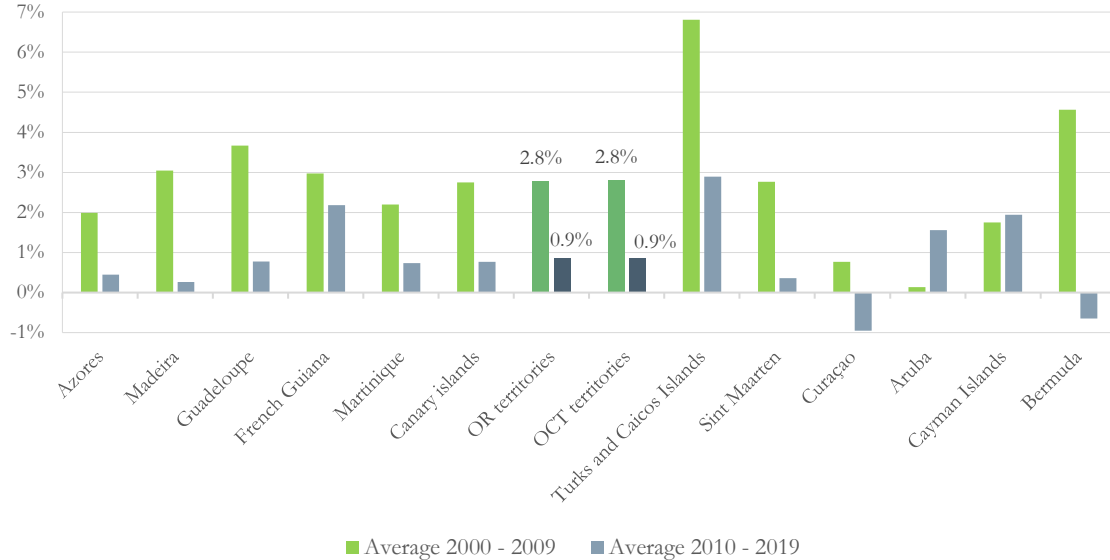
## Average EU support per capita per year in US\$



Source: CBCS estimates, WorldBank, Eurostat, and National Statistical Offices of the territories



## Average real GDP growth in ORs and OCTs

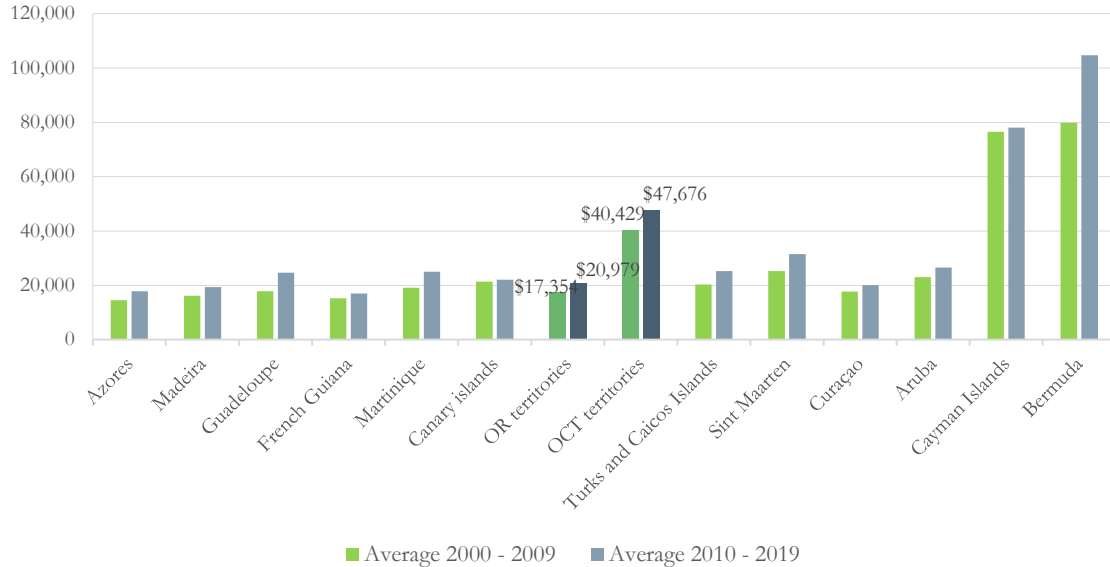


Source: CBCS estimates, WorldBank, Eurostat, and National Statistical Offices of the territories





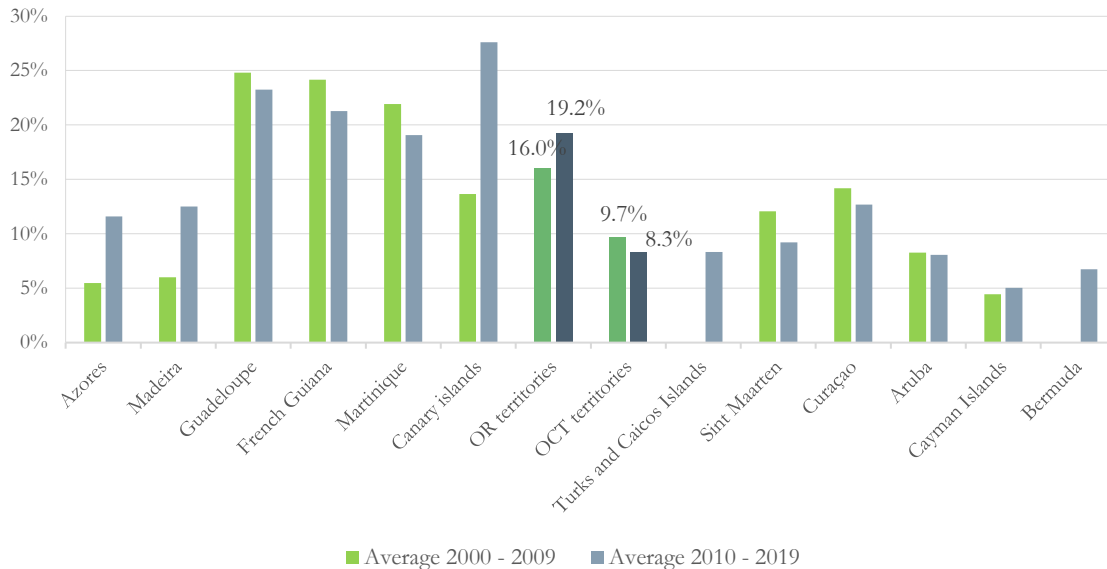
## Average nominal GDP per capita in ORs and OCTs in US\$



Source: CBCS estimates, WorldBank, Eurostat, and National Statistical Offices of the territories



## Average unemployment rate in ORs and OCTs



Source: CBCS estimates, WorldBank, Eurostat, and National Statistical Offices of the territories

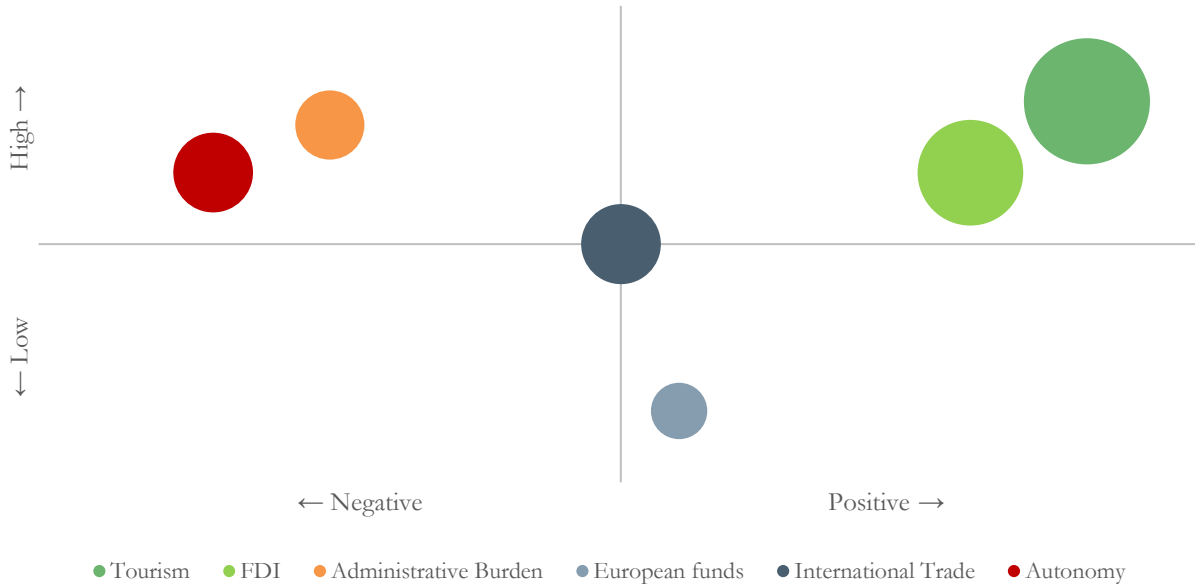
## EU fund disbursements between 2014 - 2018



	EU funding disbursed (2014-2018)	Average yearly share of EU funding disbursed in GDP (2014-2018)	Execution rate of EU funds (2014-2018)
Canary Islands	EUR 1010 million	0.500%	93.166%
Guadeloupe	EUR 406 million	0.900%	55.557%
Martinique	EUR 327 million	0.800%	56.737%
French Guiana	EUR 320 million	1.600%	78.566%
Azores	EUR 788 million	3.900%	71.919%
Madeira	EUR 342 million	1.500%	75.123%
Aruba	EUR 7.0 million	0.052%	75.096%
Cayman Islands	EUR 0.0 million	0.000%	0.000%
Bermuda	EUR 0.0 million	0.000%	0.000%
Turks and Caicos Islands	EUR 21.4 million	0.527%	205.205%
Curaçao	EUR 0.3 million	0.003%	1.770%
Sint Maarten	EUR 0.1 million	0.002%	2.000%

Source: Eurostat, and Annual Reports of the European Community's Development Policy and the Implementation of External Assistance of the years 2000 – 2020

## Impact of further integration into the EU



Source: CBCS estimates

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## III. Conclusion

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- **The present analysis shows that extensive financial support and subsidies from a donor (in this case the EU) does not guarantee better economic performance.**
- **EU reports indicate ORs have structural weaknesses that need to be addressed such as:**
  - High unemployment rate, particularly among the youth
  - Insufficient education and training of the workforce due to early school leaving
  - Large size of the public administration sector
  - Lack of infrastructure
- **Curaçao shares several of these weaknesses particularly the structural unemployment due to skills mismatch between labor demand and supply, and a large public administration sector that results in inefficiencies.**

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### III. Concluding Statement

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*“A stronger relationship with the European Union may improve Curacao’s social and economic performance only if the current economic weaknesses are addressed accordingly”*



**THE END**