Central Bureau of Statistics Curaçao

Results Business Cycle Surveys 2024:

Businesses in Curaçao with a Positive Perspective

The purpose of this Business Cycle Survey is to collect up-to-date information on business and economic developments across industries and the business sector as a whole. Additionally, it seeks to gather opinions on entrepreneurs' confidence regarding economic developments and the investment climate.

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Executive Summary

Following the uncertainty of the COVID-19 era, the period from 2022 to 2024 was characterized by renewed economic growth and resilience. This phase was marked by rising activity, strengthened confidence, and gradual stabilization, trends that are clearly reflected in the accompanying figures and graphs.

Smaller companies (those with fewer than 10 employees) have seen a marginal increase, and larger companies have seen more of a level off in the percentage of reporting profits. While the situation has shown a considerable improvement compared to 2020, it has also contributed to the highest business cycle index to date.

Confidence in the economy has steadied in 2024. The percentage of companies reporting decreased confidence fell from 18 percent in 2022 to 10 percent in 2023 and fell to 9 percent in 2024, which is the lowest it has ever been, marking an improvement from 2022, when COVID measures were eased. Companies that have experienced no change increased from 59 to 62 percent in 2024.

Entrepreneurs and businesses also reported increased confidence in the future. The percentage of companies confident about the future increased from 62 percent to 73 percent and to 75 percent from 2022 to 2024. Fewer businesses are less confident about the future, showing a decline from 8 percent to 5 percent in 2024.

Opinions on the investment climate showed clear improvement in 2024. Fewer companies rated the climate as bad, with the percentage dropping from 21 percent in 2022 to 7 percent in 2024. The percentage rating it as 'good' increased from 14 percent in 2022 to 32 percent in 2024.

Compared to the year 2022, the percentage of companies reporting a decrease in turnover rose from 23 percent in 2022 to 33 percent in 2023 and then declined to 25 percent in 2024. Meanwhile, the percentage of companies reporting increased turnover declined from 59 percent in 2022 to 55 percent in 2024.

The business cycle index showed a clear recovery in 2024, climbing from 72 in 2021 to 127 in 2022, a 76 percent increase, and from 2021 to 2024, an increase of 29 percentage points from 2021 to 2022, and an additional 13 percentage points increase from 2022 to 2023 and from 2023 to 2024.

Introduction

The Central Bureau of Statistics (CBS) conducts annual business cycle surveys, distributing questionnaires to companies in Curaçao. The primary objective of the survey is to collect comprehensive data on economic parameters and business developments. This report provides a detailed analysis of the survey results.

The data obtained from companies, including limited liability companies and sole proprietorships, covers a diverse range of topics, including balance sheets and profit and loss accounts. The content of this report includes:

- Economic confidence
- Future outlook confidence
- Opinion on the investment climate
- Turnover changes
- Business performance
- Business cycle index

The business cycle index was developed to track economic trends. By aggregating data on future outlook confidence, investment climate perceptions, and turnover changes, the index provides a composite view of economic development.

Methodology

The survey analyzes confidence metrics across different company sizes, comparing current data with trends from the previous two years. The business cycle survey is conducted annually to gather information on businesses, economic parameters, and business developments. This data offers insights into business outlooks, opinions, and trends in the economy, employment opportunities, and the investment climate. Conducted between November and December, the survey provides CBS with valuable insights for the year. To enhance efficiency and optimize resources, the survey is being conducted with an interviewer and online.

The research encompasses all companies with ten or more employees, while a representative sample is drawn from companies with three to ten employees. The business cycle index is, therefore, partly based on sampled data. Companies are categorized by size as small (up to 10 employees), medium (10 to 50 employees), and large (50 employees or more).

The sampled data from the companies with three to ten employees assumes a reliability of 95 percent, with a 5% margin of error and a z-value of 1.96. Based on the entire population of companies with 3 to 10 employees, this amounts to approximately 350 companies at the time of the sample draw. The sample was drawn proportionately, ensuring the sample reflects the existing distribution of companies across different sectors.

As outlined above, indicators such as confidence in the future, perceptions of the investment climate, and changes in turnover offer valuable insights into business trends based on company size. These subjects are compared with data from earlier periods. Starting in 2022, the survey is conducted once a year, compared to previous years.

The business cycle index presented is a composite index, based on data from the following indicators:

- confidence in the future.
- perception of the investment climate.
- changes in turnover.

These indicators are weighted, aggregated, and presented graphically. The index uses 2010 as the base year, with an interval scale starting at '100.' The aim is to provide readers with an understanding of the economic cycle's trajectory, not in absolute terms but in relative terms. By focusing on these three factors, the index visualizes trends in the business cycle in a straightforward and accessible way.

Confidence

In this section, the current levels of business confidence across several key dimensions will be examined. The overall confidence in the economy will be explored, highlighting how companies perceive the current economic climate and its stability. The section on confidence in the future focuses on expectations for growth, profitability, and market opportunities in the coming months. Furthermore, confidence in the future based on company size compares how optimism varies between small, medium, and large enterprises.

Confidence in the Economy

Economic confidence is a driving force that shapes decision-making across society. Strong confidence stimulates consumer spending, encourages entrepreneurs to launch new ventures, and motivates businesses to invest and take measured risks. Conversely, weak confidence leads to caution, with individuals saving more and businesses delaying investments, which in turn slows economic growth and creates unfavorable outcomes.

Entrepreneurs and businesses reported a small decline in economic confidence during 2024 compared to 2023 (from 32% to 29%). The proportion of companies experiencing a decline in confidence dropped slightly from 10 percent to 9 percent, marking another low (see Figure 1). Meanwhile, the percentage of businesses indicating unchanged economic confidence increased slightly, rising from 59 percent in 2023 to 62 percent in 2024.

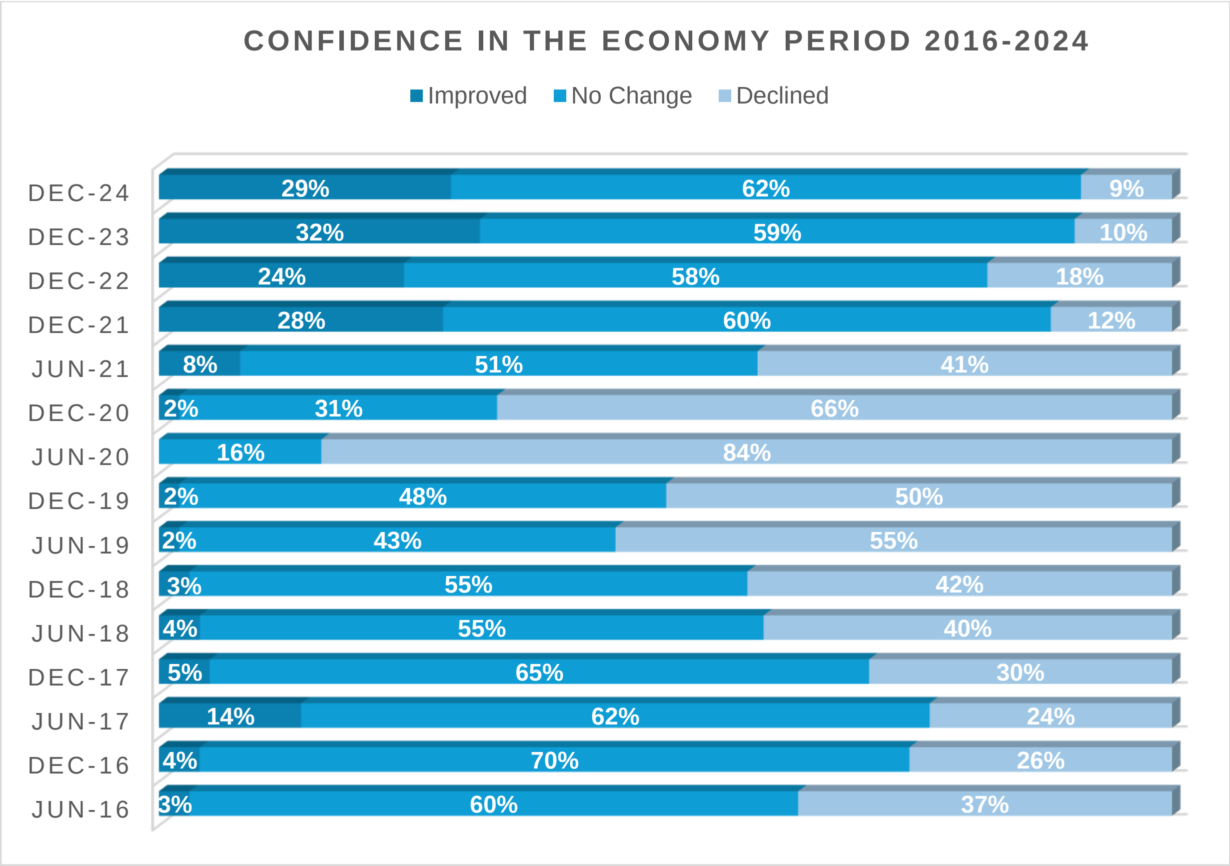

Figure 1: Confidence in the Economy

Confidence in the Future

Confidence in the future measures how businesses expect the economic environment to change. It's a forward-looking projection. Confidence in the future has improved in comparison to 2023. The percentage of companies expressing confidence in the future increased from 73 to 75 percent compared to 2023. Moreover, the proportion of companies reporting no confidence in the future has fallen from 8 to 5 percent. Additionally, slightly more companies reported having no opinion on the question, with this figure increasing from 19 percent to 20 percent compared to 2023.

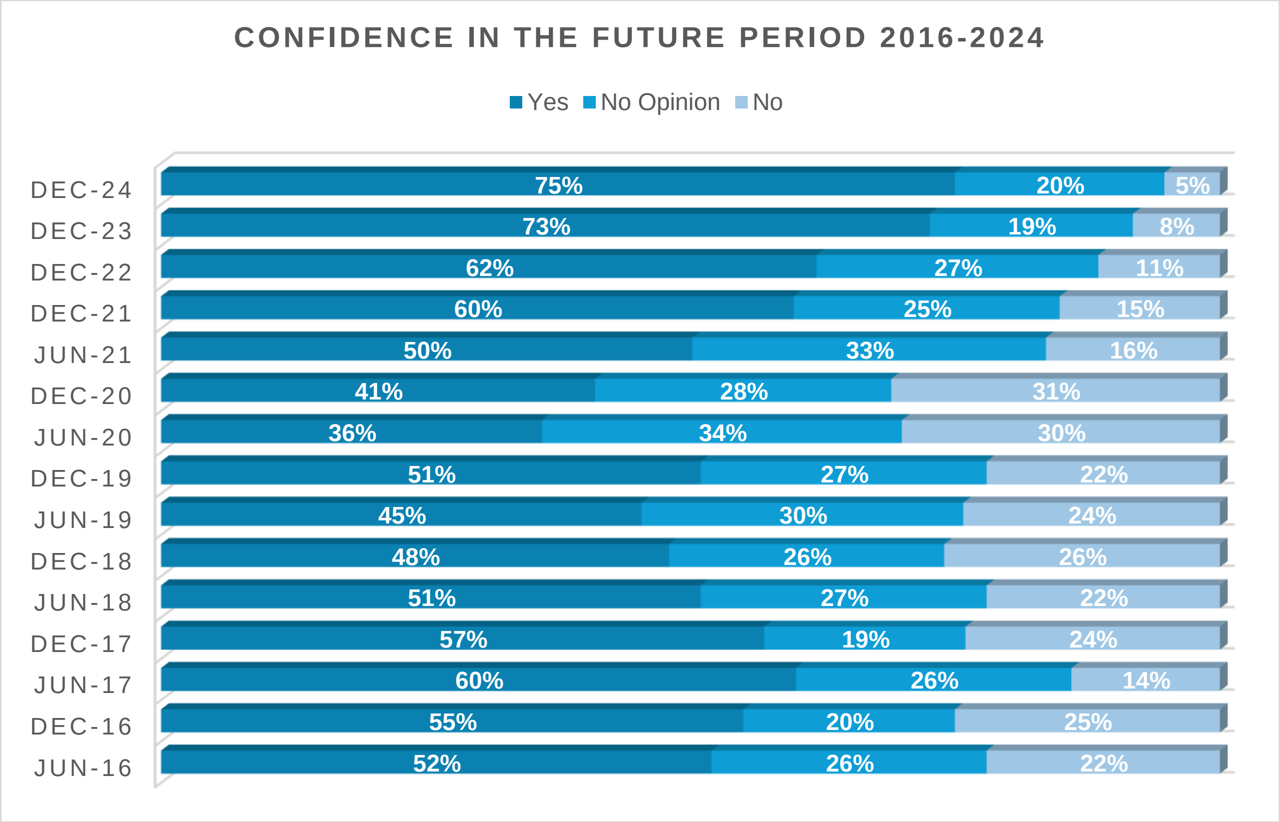

Figure 2: Confidence in the future

Confidence in the Future based on company size

Confidence in the future is evaluated based on company size, divided into three groups: small (fewer than 10 employees), medium (10 to 50 employees), and large (50 employees or more). Larger companies (10 employees or more) typically exhibit greater confidence in the future compared to smaller firms (see Figure 3). While the gap between these groups remained steady in 2024, there was an increase in confidence. Notably, confidence among small companies increased, whereas medium-sized and large companies reported a small increase in confidence.

Confidence among small businesses increased from 54 percent to 69 percent in 2024. In contrast, medium-sized companies saw an increase in confidence, from 74 percent to 75 percent, while 80 percent of large companies are now confident about the future, up from 79 percent in 2023.

In contrast, fewer companies have indicated a lack of confidence in the future. Among small businesses, this percentage decreased from 26 percent in December 2023 to 6 percent in 2024. Also, medium-sized and large companies experienced declines in those lacking confidence, with percentages falling to 6 percent and 1 percent, respectively, compared to 7 percent and 4 percent in 2023.

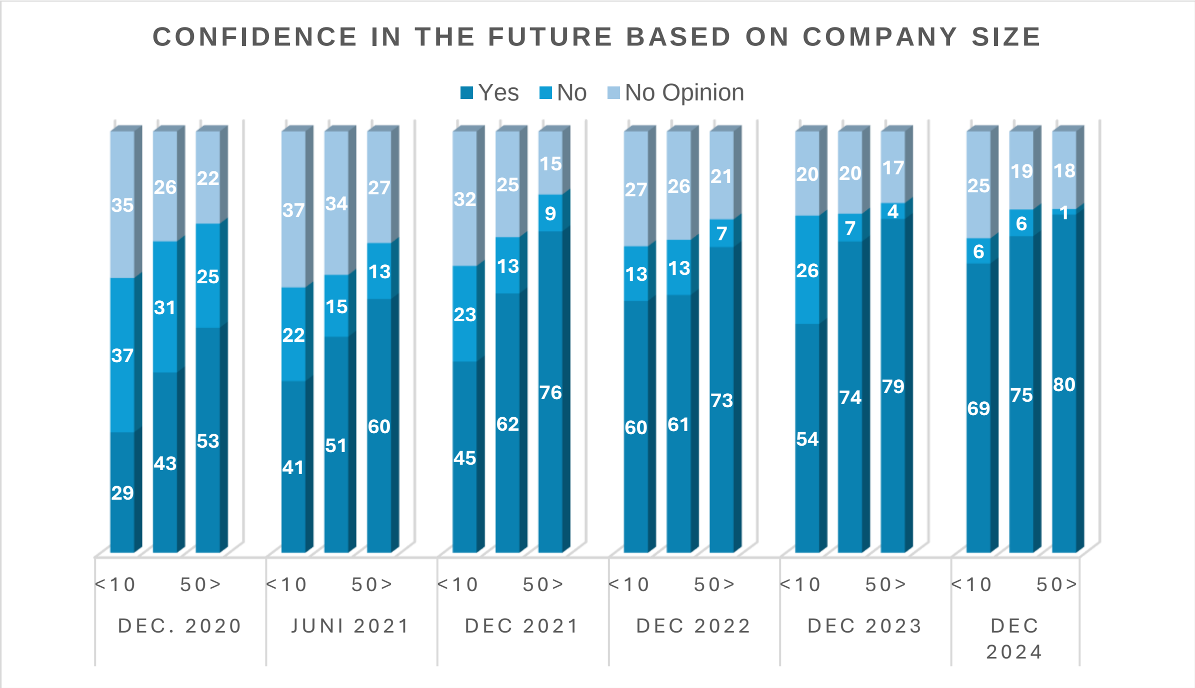

Figure 3: Confidence in the Future based on Company Size

Investment

This section focuses on the current trends and perceptions surrounding business investment. It begins by examining the overall perception of the investment climate, assessing how favorable companies find the current conditions for investing. The analysis then explores differences in opinion by company size, revealing how small, medium, and large enterprises view investment opportunities and risks. Attention is also given to the main investment barriers. Together, these insights provide a comprehensive picture of how businesses approach investment in the present economic environment.

Perception of Investment Climate

The investment climate, also known as the business climate, plays a crucial role in determining whether investors choose to invest in a company**.** It is shaped by factors such as trust, legal certainty, government effectiveness, stable financial and political policies, labor laws, corruption levels, and the availability and quality of infrastructure and resources. A weak investment climate can discourage investors, slow economic activity, and limit job creation.

The share of companies viewing the investment climate positively increased from 27 percent in 2023 to 32 percent in 2024, the highest rate recorded yet. However, due to fluctuations between companies with varying perceptions of a poor and good investing climate, the proportion considering it "moderate" has decreased slightly by 1 percentage point to 61 percent, returning to 2016 levels.

The perception of the investment climate has improved notably since December 2020 (see Figure 4). The percentage of companies viewing the investment climate as poor declined from 11 percent to 7 percent in 2024. This marks a significant improvement compared to previous years, especially following the COVID-19 period.

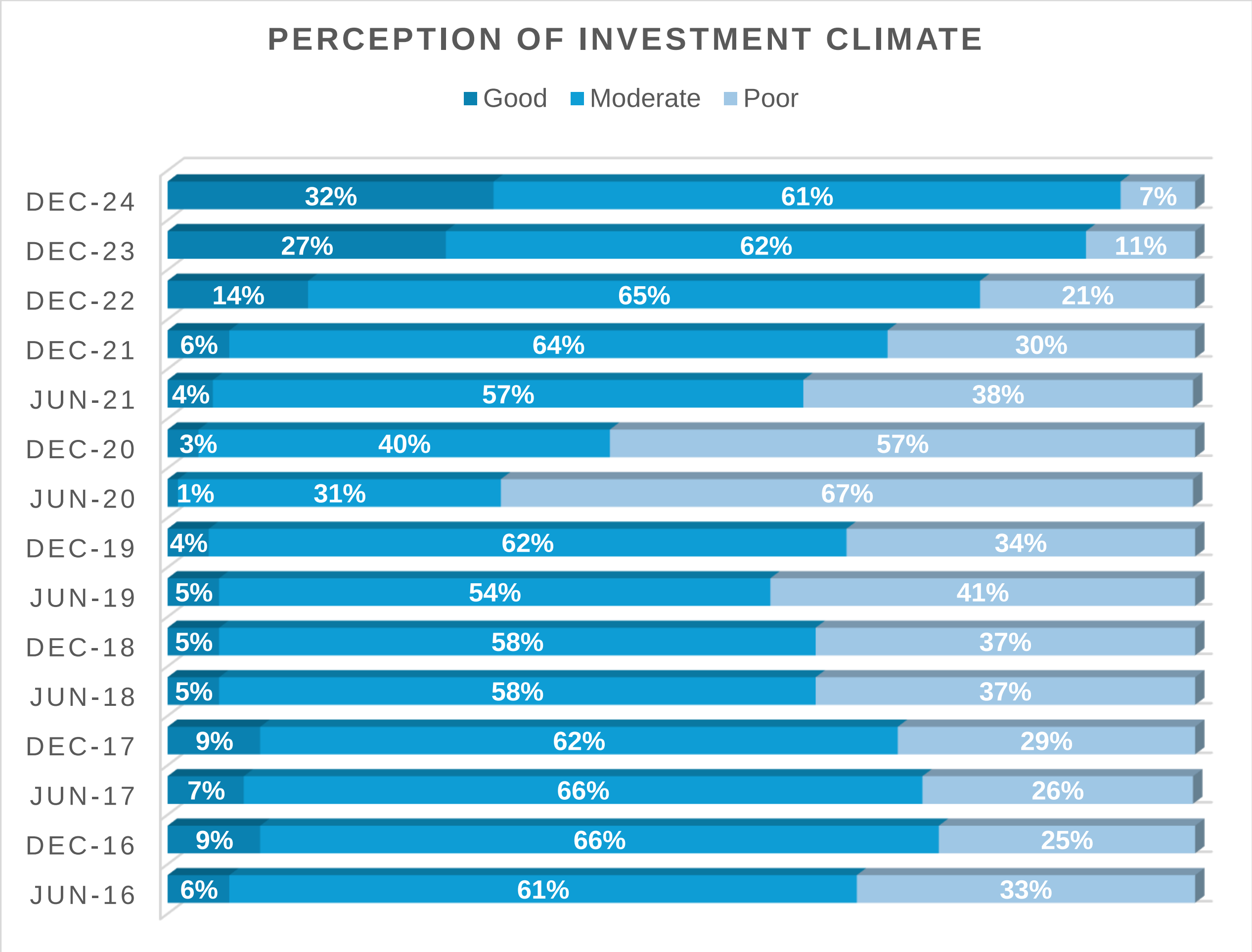

Figure 4: Perception of investment climate

Opinion on investment climate by company size

The perception of the investment climate, segmented by the number of employees, shows an improvement and clear differences between company sizes, similar to the trend in confidence in the future. Trust has increased across all company sizes, with the most substantial improvement observed among large companies.

Among small businesses (fewer than 10 employees), 57 percent indicated that the investment climate is moderate, down from 69 percent in 2023 (see Figure 5). Fewer small businesses now perceive the climate as poor, with this figure decreasing from 20 percent to 18 percent in 2024. Positively, 25 percent of small companies view the climate favorably, an 11 percent increase compared to 2023.

For medium-sized firms, the situation has stabilized. The proportion of companies viewing the investment climate as "moderate" increased slightly from 61 percent to 62 percent, while the percentage considering it poor also dropped, from 11 percent to 6 percent in 2024. Additionally, 32 percent now view the climate as good, a small increase from 28 percent in 2023.

Large companies (50 employees or more) also reported sizable improvements in their perception of the investment climate. In 2024, only 1 percent viewed the climate as poor, down from 2 percent in 2023. Meanwhile, the percentage considering the climate moderate declined slightly from 65 percent to 64 percent in 2024. The proportion viewing the investment climate as good increased from 33 percent to 34 percent in 2024.

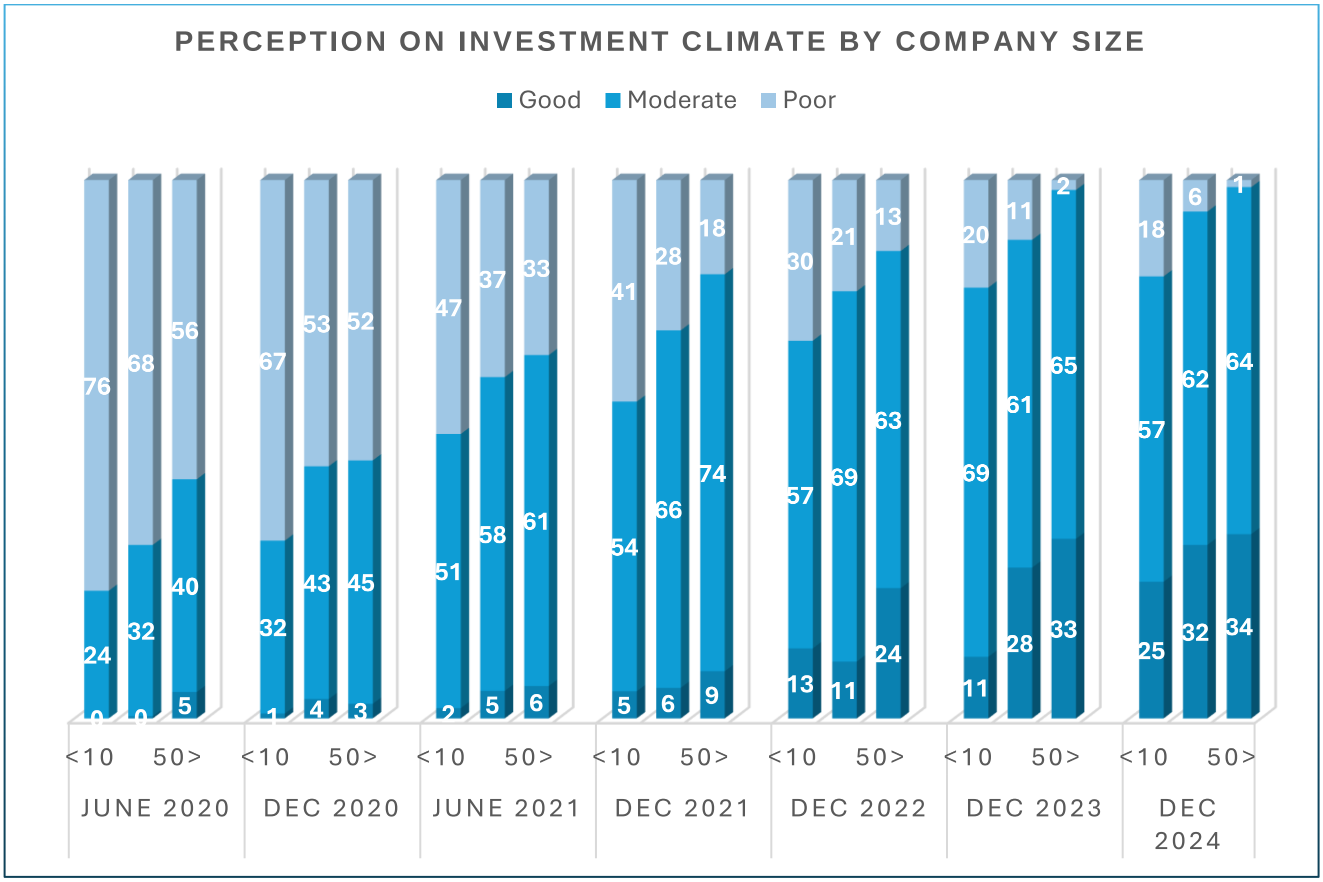

Figure 5: Perspective on Investment Climate by Company Size

Investment Barriers

Sustaining a company's performance requires consistent investment in asset renewal and replacement. To generate and sustain profitability, companies should prioritize making regular investments. Consequently, barriers to investment, such as funding and regulations, play a critical role in shaping business operations and decisions regarding funding these initiatives.

In 2024, slightly under 60 percent of surveyed companies reported making investments, reflecting a small decrease of around 2 percentage points compared to 2023. However, of these companies that have made investments, 19.5 percent of companies indicated encountering obstacles to investment in 2024, representing a slight uptick from the 18.8 percent recorded in 2023.

Turnover

This section analyzes recent changes in company turnover, highlighting overall growth or decline across the business landscape. It examines turnover trends by economic sector, showing which industries are experiencing expansion and which face challenges. Particular attention is given to larger companies, where turnover developments often have a stronger impact on the broader economy. Together, these insights illustrate how revenue performance varies across different parts of the market.

Turnover changes

The change in turnover provides valuable insight into how company performance has evolved compared to previous years. Companies reported whether their turnover had increased or decreased (see Figure 6). Compared to 2023, the percentage of companies reporting a decrease in turnover declined from 33 percent to 25 percent. Conversely, the percentage of companies experiencing an increase in turnover rose from 48 percent to 55 percent in 2024.

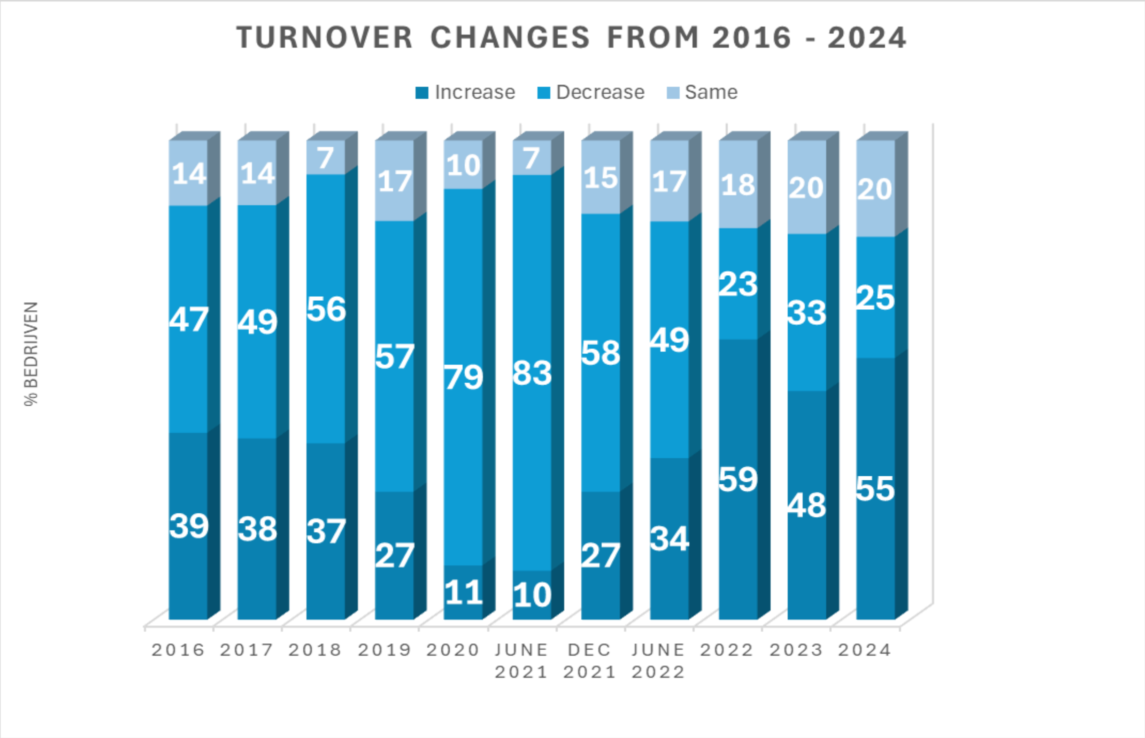

Figure 6: turnover changes 2016-2024

Turnover changes in construction, trade, and hospitality

To gain a clearer understanding of how these developments played out across industries, turnover trends were also analyzed by sector. Figure 6b illustrates the turnover trends in 2023 for three key sectors: construction, trade, and hospitality. These sectors are highlighted because they represent a major portion of businesses in Curaçao. In 2024, an increase in turnover was reported in two of the three main sectors compared to 2023.

In the hospitality sector, the percentage of companies that experienced an increase in turnover improved in 2024. This sector saw a sharp increase compared to 2023, rising from 55 percent to 84 percent. Fewer companies experienced a decline in turnover, with this percentage dropping from 26 percent to 4 percent. This fluctuation in turnover changes in companies reporting in the survey is likely attributed to the post-COVID-19 economic stabilization and tourism boom between 2022 and 2024.

In the trade sector, the percentage of companies reporting an increase in turnover rose from 43 percent to 48 percent in 2024. Simultaneously, the percentage of companies experiencing a decline in turnover decreased to 33 percent, down from 34 percent in 2023.

In the construction sector, the percentage of companies reporting an increase in turnover remained the same at 47 percent in consecutive years. The percentage of companies experiencing a decrease in turnover is 19 percent, which is lower than what the construction sector indicated in 2023, which was 35 percent.

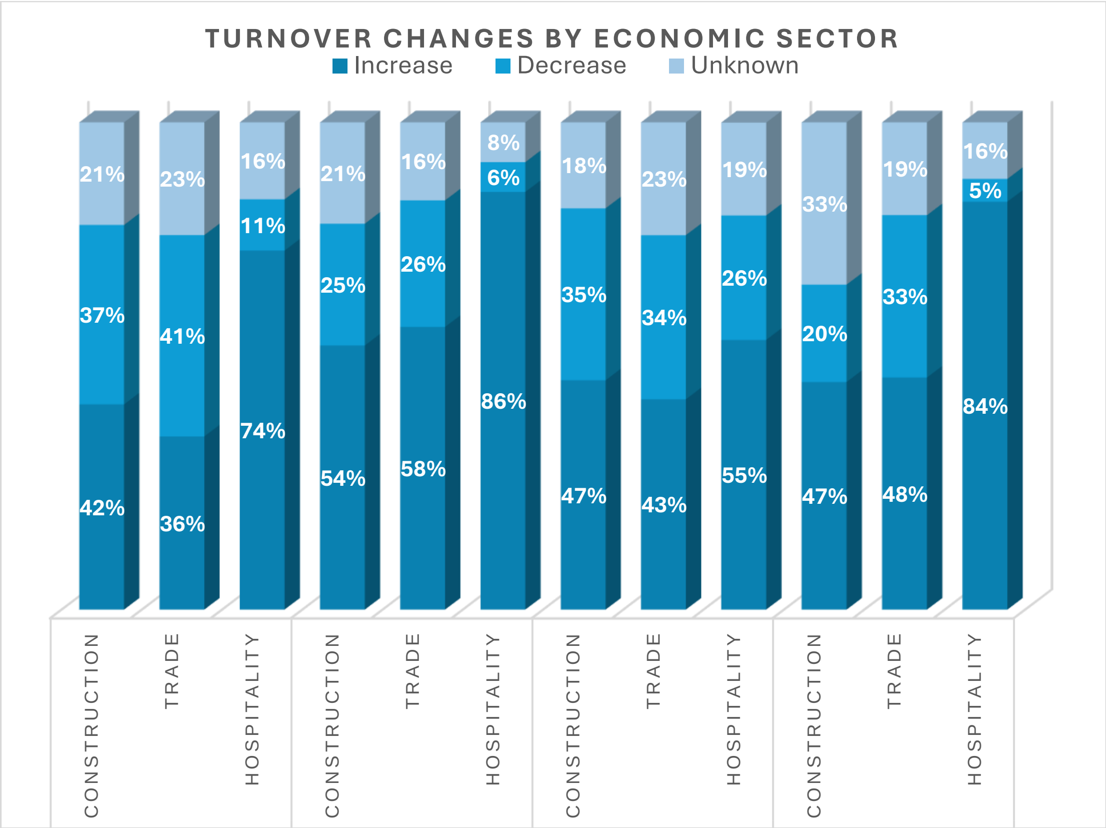

Figure 6b Turnover changes by economic sectors

Turnover changes in larger companies

While sectoral results show clear signs of improvement, company size also played an important role in shaping turnover trends. Compared to 2023, turnover trends varied significantly across different company sizes, particularly among large companies (see Figure 7).

For medium-sized companies, the situation has stabilized. In 2024, 52 percent reported growth in sales, an increase from 46 percent, while 27 percent experienced a decrease, down from 34 percent in 2023.

For large companies (more than 50 employees), the changes were less pronounced. The percentage of companies reporting an increase in turnover rose slightly to 75 percent, up from 72 percent. Additionally, the percentage of companies experiencing a decline in turnover improved, decreasing from 15 percent to 12 percent in the same period.

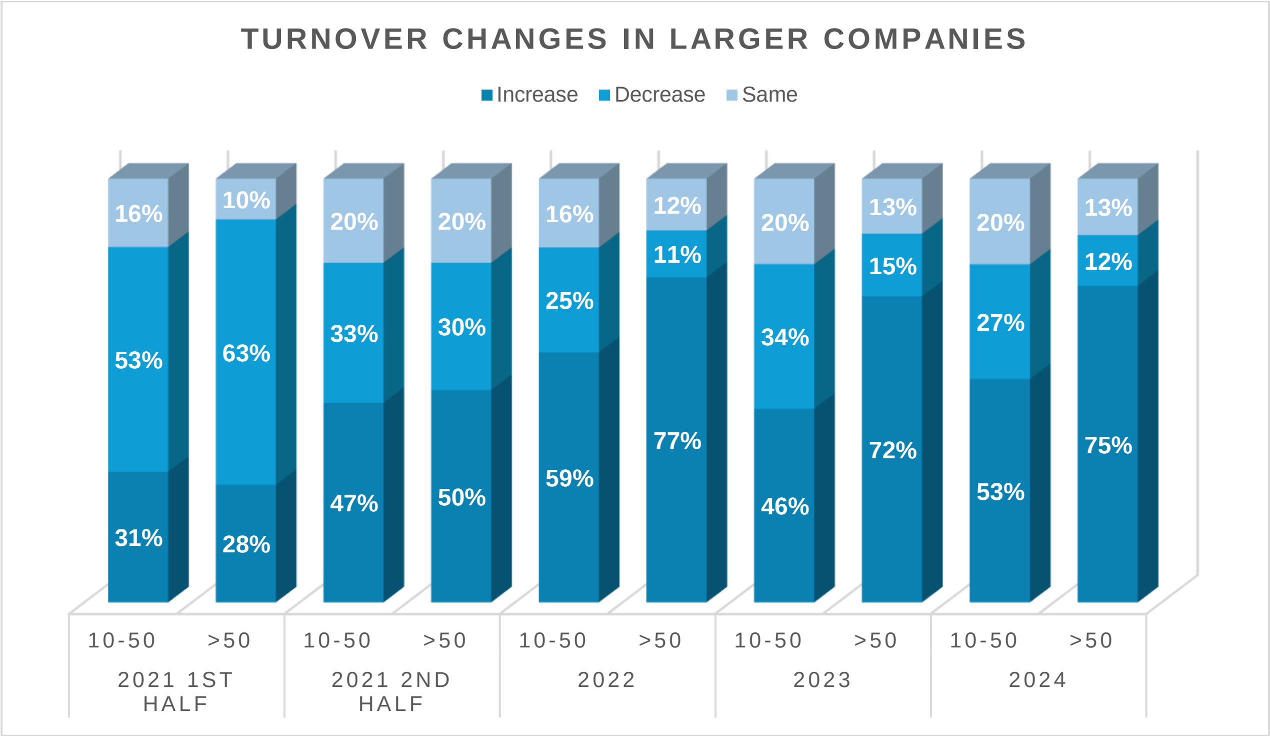

Figure 7: Turnover changes in company size

Business results

An overview of business results across the economy will be given, reflecting overall performance and profitability trends. It compares outcomes based on company size, showing how small, medium, and large firms differ in their financial results. The analysis also breaks down performance by economic sector, identifying which industries are driving growth and which are under pressure.
The term business results, as used here, reflects the self-reported perspective of the business regarding its profitability, growth, and overall stability, with 73 percent of companies in 2024 reporting a positive outcome. This represents a 4 percentage point increase from 2023 (69 percent) and an 8 percentage point rise compared to 2022 (65 percent) (see Figure 9). Additionally, 27 percent of the surveyed companies expect to report a negative business result, a decrease of 4 percentage points compared to 2023 (31 percent).

While there has been moderate improvement from the challenging conditions of 2020, a large percentage of companies have recovered and are positioned to make a profit, potentially. It is important to note that these percentages do not provide insight into the magnitude of business results or potential bankruptcies businesses have faced during and after the COVID-19 period.

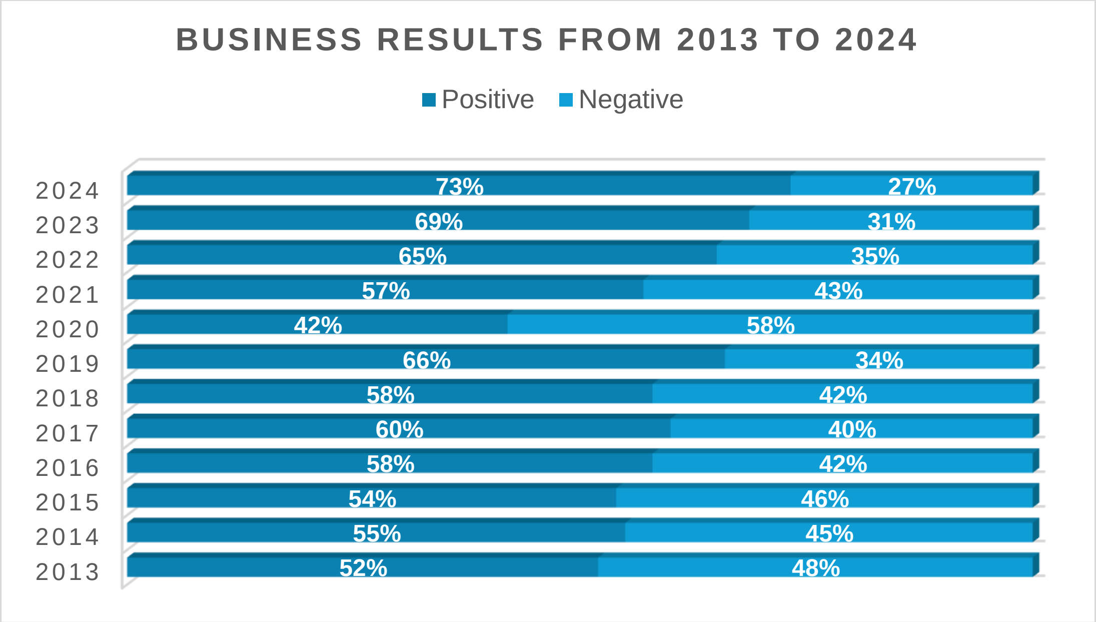

Figure 8: Business results from 2013 to 2024

Business results based on company size.

The results based on company size show an overall improvement, with differences between company sizes similar to those of other parameters. Perception has improved across all company sizes, with small businesses seeing a slight improvement, while small-sized companies experienced the most significant change.

Among small businesses (up to ten employees), 65 percent expect to make a profit, increasing from 43 percent in 2023 (see Figure 9). For medium-sized companies (up to 50 employees), 73 percent expect a gross profit, showing a slight increase from 70 percent in 2023.

For large companies with more than fifty employees, the situation has slightly fallen, with 80 percent expecting to make a profit in 2024, a decline of 1 percent compared to 2023, which is the only decline compared to small and medium-sized companies.

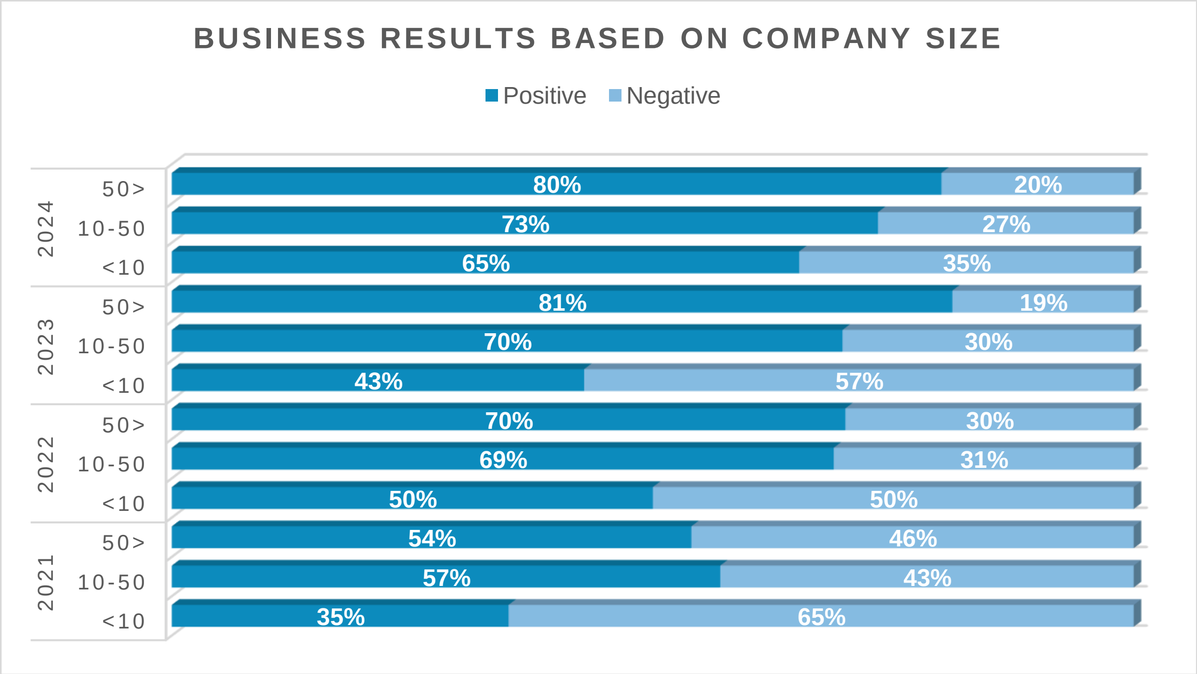

Figure 9: Business results by company size

Business results in construction, trade, and hospitality

The expected results for the construction, trade, and hospitality sectors in 2024 show some notable developments (see Figure 9b).

In the construction sector, 67 percent of companies expect positive results; in comparison, 33 percent anticipate a decrease in operating results. This is an increase of 2 percentage points compared to 2023, but a 2 percentage points decrease in construction businesses that are expecting a negative impact on their operating results.

In the hospitality sector, expected positive operating results increased by 14 percentage points compared to 2023. Correspondingly, the decline in expected operating results has decreased by 14 percent in this sector compared to 2023.

The trade sector shows a 1 percent increase in positive operating results in 2024. Additionally, negative operating results also fell by 1 percent compared to 2023.

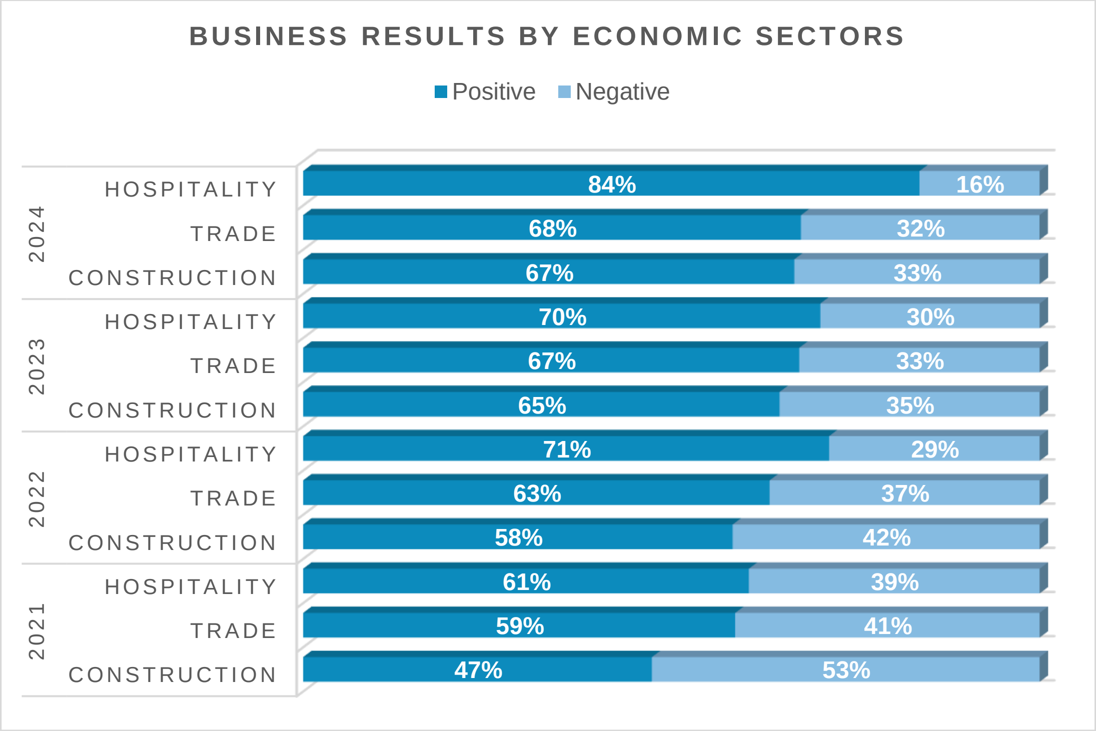

Figure 9b: Business results by economic sectors.

Business Cycle Index

The Business Cycle Index provides an overview of the state of the economy, constructed from various indicators. For the business index of Curaçao, this is based on data related to confidence in the future, the perception of the investment climate, and changes in turnover. These indicators are aggregated into a composite index, with a starting point of one hundred.

The results of this analysis are presented graphically in Figure 10. The goal is to illustrate the development of the business cycle in relative terms, rather than absolute terms. This approach enables a clear visualization of the trend in the business cycle.

Since the end of 2010, the business index has shown a gradual downward trend after an initial sharp decline to 51 points in 2013. Following this, the index fluctuated before eventually declining to 53 points by December 2019, after several cycles of rises and falls. During the COVID-19 pandemic and lockdown, the index dropped sharply from 53 to 30 points by June 2020, compared to December 2019. Fortunately, the second half of 2020 saw no further decline, due to relaxed COVID measures and a subsequent increase in business activity.

Post-COVID, the Business Cycle Index made significant gains, starting at an index of 72 in 2021, followed by 101 in 2022, and 114 in 2023. For the year 2024, the increase is also noticeable, going from 114 to 127. These values are based on the year 2010 as the base year. The growth is noticeable, and the businesses are noticing an optimistic outlook on the economic environment.

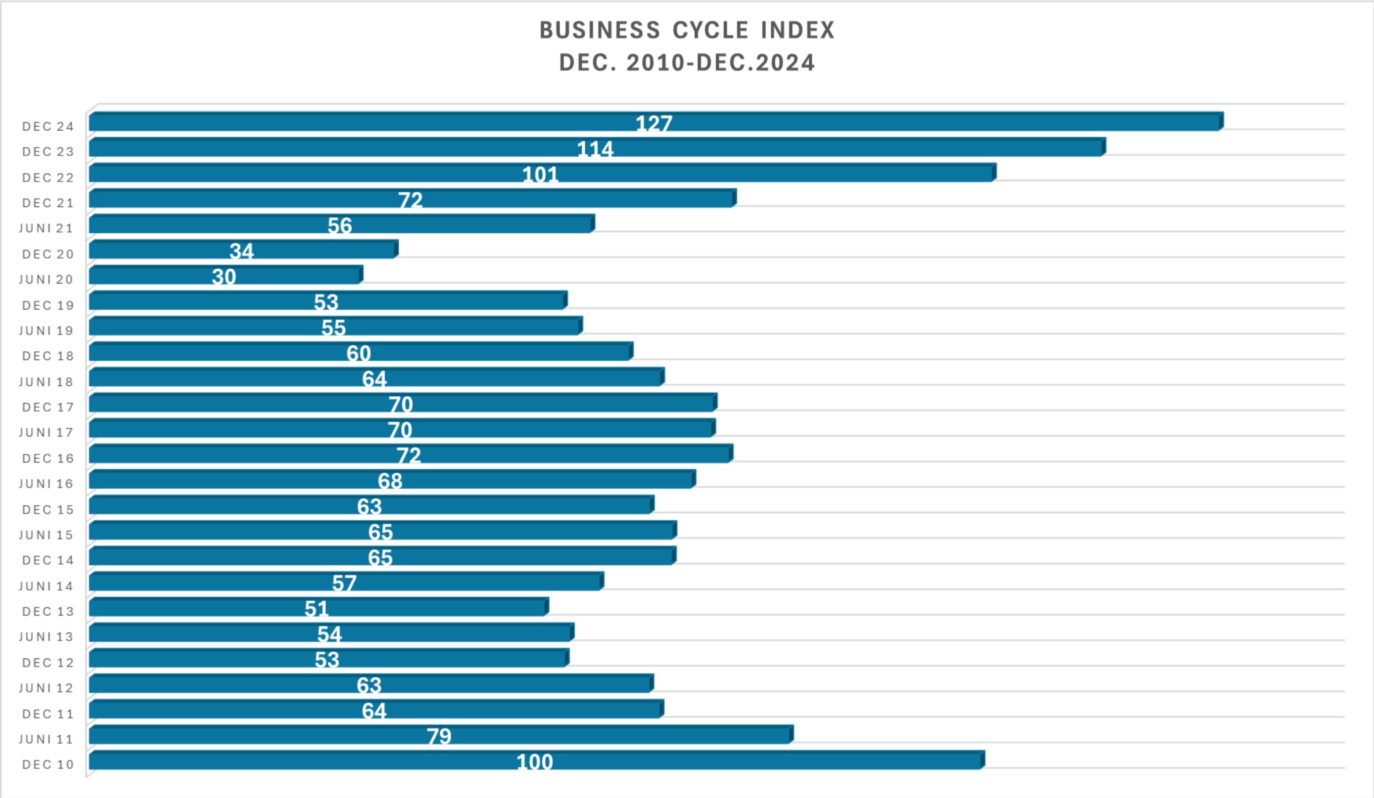

Figure 10: Business Cycle Index

Conclusion

In conclusion, businesses showed a positive perception across all key areas examined. Confidence in the economy and in the future remains strong, reflecting optimism about continued growth. Companies also reported a generally favorable investment climate, with fewer barriers hindering expansion. Turnover and business results were likewise positive, particularly among larger firms and key economic sectors. Overall, the findings indicate a stable and encouraging business environment.