

CURAÇAO

NATIONAL EXPORT STRATEGY



STRATEGIC TRADE
DEVELOPMENT ROADMAP

2020-2025



MINISTRY OF
ECONOMIC DEVELOPMENT



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Centre

About the report

The Strategic Trade Development Roadmap (STDR) is an official document of the Government of Curaçao. The STDR was developed on the basis of the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

The findings of the Strategic Trade Development Roadmap are based on extensive research and the results from the first National Export Strategy Stakeholder Consultation held in Willemstad on September 2019. This document summarizes the trade and competitiveness performance of Curaçao, as well as the main constraints impeding the country's participation in global markets. The STDR also presents a vision for future trade-led economic growth and a strategic framework for delivering on this vision. The STDR was developed by the Ministry of Economic Development (MEO) with the technical support of ITC.

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International Trade Centre (ITC)

ITC is the joint agency of the World Trade Organization and the United Nations. As part of the ITC mandate of fostering sustainable development through increased trade opportunities, the Research and Export Strategy (RSE) section offers a suite of trade-related strategy solutions to maximize the development payoffs from trade. ITC-facilitated trade development strategies and roadmaps are oriented to the trade objectives of a country or region and can be tailored to high-level economic goals, specific development targets or particular sectors, allowing policymakers to choose their preferred level of engagement.

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The impact of COVID-19 on the National Export Strategy

The spread of the coronavirus disease is developing into one of the largest health and economic crises of the last 100 years. The strong confinement measures taken by governments around the world, including Curaçao, are critical to protect public health and human life, but these measures have also placed immense strain on domestic and international commerce. For small island developing countries, like Curaçao, the strain is even greater. Highly dependent on tourism for foreign exchange earnings, and highly dependent on imports to purchase essential products like food, medical supplies and other goods, Curaçao is facing its greatest economic challenge in living memory.

How will the impact of COVID-19 affect Curaçao's National Export Strategy (NES)? The Strategic Trade Development Roadmap (STDR) is an assessment of the challenges and opportunities facing the country, and presents a vision for the country's future. It identifies a lack of economic diversification and resilience as two central weaknesses – the same weaknesses that are reducing Curaçao's ability to respond to the crisis today. Therefore, the STDR is a comprehensive vision to improve diversification and to build resilience. How does the STDR propose to do this?

At the heart of Curaçao's NES is technology. Technology, in particular digital tools, should strengthen and link all of Curaçao's economic activities. To diversify the country, the NES identifies six priority sectors that have high growth and foreign exchange earnings potential. These sectors are reinforced by four trade support functions, which will benefit all firms and exporters within the economy. Crucially, the entire framework is underpinned by the concept of "e-government for business". In practice, this means transitioning government services to online platforms as far as is practicable.

Curaçao's priority sectors are mostly services based. They leverage high-quality human capital and take advantage of digital technologies to serve customers, whether these customers are in Curaçao or abroad. Businesses in these sectors are better able to adapt to changing working and international market conditions, such as demand shifts or stay-at-home measures. The NES also places a strong emphasis on strengthening business support organizations (BSOs). In times of economic crisis, businesses turn to BSOs to help them adapt and survive. Better communication, alignment and coordination of activities among Curaçao's BSOs would improve resilience.

The NES is a critical development project for Curaçao. The challenges the country faces as a result of the coronavirus outbreak are, for the most part, a magnification of existing weaknesses. As such, the NES is well placed to tackle these weaknesses head-on and outline a path for a diversified and resilient Curaçao.



Photo: CTB 2019_Visuals_Curaçao_Scheely - Beach

Background note

In early 2018, the Government of Curaçao approached ITC and asked for assistance with the creation of a home-grown National Export Strategy (NES). A delegation of ITC trade specialists travelled to Curaçao in May 2018 and delivered several presentations at the inaugural National Export Awareness Week (NEAW). After extensive consultations during the following 12 months, the government signed a memorandum of understanding (MoU) during the second NEAW and launched the Curaçao NES.

The central focus of the NES is to improve the standard of living for the people of Curaçao through enhanced export performance. The principal output of a NES is a comprehensive, but well-prioritized export strategy with a detailed five-year plan of action and an associated implementation management framework.

This Strategic Trade Development Roadmap (STDR) is the first output from the NES design process and contains:

- » A comprehensive analysis of the country's economic and trade performance to date;
- » A summary of the main competitiveness constraints facing the country;
- » Audits of the country's existing strategies and policies, transportation linkages, institutional mandates and services, and tertiary skills production;
- » A vision for what future trade-led growth can achieve for Curaçao, and the strategic objectives of the NES;
- » The rationale behind the selection of the priority sectors and the priority trade support functions;
- » The results of the 1st stakeholder consultation;
- » A plan to enable implementation to start immediately; and
- » The proposed legally instituted structure to enable implementation to succeed.

In May 2019, a delegation of ITC trade specialists visited Curaçao to launch the National Export Strategy. During this pre-engagement mission, the ITC delegation met several key stakeholders:

- » The Cabinet, where ITC presented the objectives of the NES and secured endorsement for the initiative;
- » Permanent Parliamentary Committee for International Trade;
- » Permanent Commission for International Trade and Foreign Economic Relations;
- » The Chamber of Commerce of Curaçao; and
- » A variety of trade support institutions: Customs, CURINDE (a free zone company), Curaçao Innovation and Technology Institute (CITI), Association of Small Entrepreneurs Curaçao (ADECK), Curaçao Hospitality and Tourism Association (CHATA), Curaçao Tourism Board (CTB), Curaçao Investment and Export Promotion Agency (CINEX), and the University of Curaçao (UoC).

In September 2019, ITC conducted the 1st stakeholder consultation with the support of the Ministry of Economic Development. The consultation served as a platform for public and private stakeholders to discuss the challenges facing Curaçao's export sector in light of the country's supply capacities, business environment and external market demand. The findings of the STDR are based on the outputs generated by participants during this first consultation.

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Photo: CTB_2019_Visuals_Curaçao, Mikvé Israel-Emanuel Synagogue.

Acronyms and abbreviations

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons. The term 'billion' denotes 1 thousand million.

ADECK	Association of Small Entrepreneurs Curaçao	ITC	International Trade Centre
BOP	Balance of payments	MEO	Ministry of Economic Development
CARICOM	Caribbean Community	MNC	Multinational corporation
CBCS	Central Bank of Curaçao and St. Maarten	NES	National Export Strategy
CBS	Central Bureau of Statistics	NIIP	Net international investment position
CDI	Curaçao Development Institute	NTES	National Tourism Export Strategy
CEC	Curaçao Export Council	OCT	Overseas country and territory
CIFC	Curaçao International Financial Centre	SBDC	Small business development centre
CINEX	Curaçao Investment and Export Promotion Agency	SDG	Sustainable Development Goal
CITI	Curaçao Innovation and Technology Institute	SME	Small and medium-sized enterprise
COSME	Competitiveness of Small and Medium-sized Enterprises	SO	Strategic objective
CPS	Curaçao Port Services Inc.	STDR	Strategic Trade Development Roadmap
CTB	Curaçao Tourism Board	TISI	Trade and investment support institution
DCSX	Dutch Caribbean Securities Exchange	TNE	Transnational education
EIS	Exporter and Investment Survey	TSN	Trade support network
EU	European Union	UNCTAD	United Nations Conference on Trade and Development
FDI	Foreign direct investment	UNDP	United Nations Development Programme
GDP	Gross domestic product	UNESCO	United Nations Educational, Scientific and Cultural Organization
ICT	Information and communications technology	UoC	University of Curaçao
IMF	International Monetary Fund	US	United States
IP	Intellectual property	WTO	World Trade Organization
IT	Information technology		



Photo: © Curaçao Investment and Export Promotion Agency, Traditional dress.

Executive summary

International trade has always been at the heart of Curaçao's economy. The country's languages, identity and cultural heritage have all been heavily influenced by its linkages to the global economy. Moreover, the success of the country's export sectors enabled Curaçao to develop into one of the more prosperous nations in the Caribbean.

Nevertheless, Curaçao's economy is at a crossroads. Two of its three economic pillars – oil refining and financial services – have declined rapidly over the past two decades. Consequently, economic performance has stagnated and per capita incomes are falling. Up-and-coming sectors such as professional services and tourism, meanwhile, have struggled to compensate.

Furthermore, Curaçao is running a large current account deficit. This deficit is driven by a large trade in goods deficit and is only partially offset by the positive trade in services balance. In order to pay for its imports and maintain its standard of living, Curaçao must grow both existing and new sectors of the economy to generate foreign exchange earnings.

Despite these challenges, Curaçao is not starting from scratch. It has a developed education system and hosts many skilled professionals. It retains strong air and sea connections to the region and beyond. It is an attractive location for foreign investment, and benefits from a strong and stable regulatory framework. It also has an autonomous government, capable of charting a new and ambitious path for the island.

Most importantly, Curaçao has potential. This Strategic Trade and Development Roadmap (STDR) provides a blueprint to leverage this inherent potential into sustainable economic growth. The STDR lays down the overarching rationale and strategic framework for the National Export Strategy (NES). The roadmap prioritizes those sectors that have the highest potential to generate decent jobs and foreign exchange earnings. It also identifies key trade support functions that need strengthening if exports are to grow.

Exports are at the heart of Curaçao's economic well-being. As such, Curaçao's future is tied to the success of its export industries. A strong countrywide commitment to supporting the NES and implementing its recommendations will help Curaçao become a country where business succeeds.

United behind a common vision and strategic objectives

The 1st NES stakeholder consultation gave participants the opportunity to come together and define their vision for the Curaçao National Export Strategy:

Curaçao – where business succeeds

This statement embodies, in a simple and direct manner, the ambition of Curaçao's National Export Strategy. The vision places businesses at its heart. The stress on business success came out of discussions with participants, many of whom complained about the difficulties and costs of doing business in Curaçao. Harnessing these sentiments into a powerful and positive rallying call ensures that the vision statement is relevant and ambitious.

In order to fulfil this ambitious vision, three strategic objectives were defined during the consultations. These strategic objectives provide a framework for developing the NES over the next five years:

1. **Forging better connections to markets through enhanced trade and investment policies:** This strategic objective is primarily directed towards policymakers. It recognizes that better connections to markets and enhanced trade, investment and finance policies are needed to support exports. The three focus areas are: improving market access through trade agreements, updating the international investment and access to finance regime, and streamlining formalities and procedures for export and import.
2. **Strengthen institutions and foster effective coordination for a conducive business environment:** This strategic objective is primarily directed towards institutions. It recognizes that stronger and more aligned institutions foster a better business environment. The three focus areas for this strategic objective are: setting up an intra-institutional network for information sharing and cooperation, establishing a first-stop shop aimed at existing and potential exporters, and ensuring a comprehensive set of trade support services across organizations.
3. **Facilitate entrepreneurship and innovation to promote value addition:** This strategic objective is primarily directed towards enterprises. It recognizes that a NES is ultimately for businesses, and that they need to contribute to making Curaçao a place where business succeeds. To enable enterprises to export, an enabling environment that facilitates entrepreneurship and innovation is needed, but, most importantly, enterprises must raise the quality and increase the diversity of goods and services for export. The three focus areas for this strategic objective are: streamlining entrepreneurship, innovation and intellectual property service delivery, increasing the adoption of internships and apprenticeships by businesses, and creating an export culture alongside improving the capacity of enterprises to internationalize.

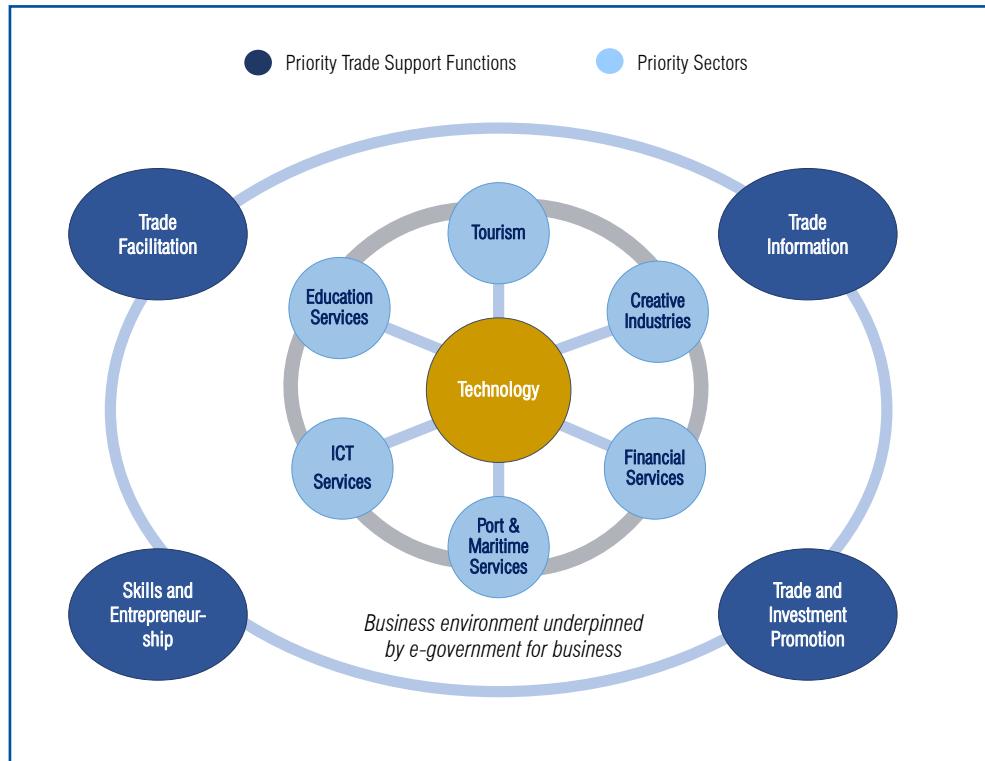
Priority sectors and trade support functions

Curaçao is a small island with a small economy. As such, it is important that economic activity on the island in one sector generates positive spillovers for others. In this way, Curaçao can build a resilient and diverse economy.

The National Export Strategy is composed of multiple strategies that are integrated. It contains six sector strategies and four functional strategies. The priority sectors were selected based on their potential to contribute to job creation, value addition and foreign exchange earnings. From various consultations and from other strategies that have been prepared, it is clear that Curaçao would like to become a leader in smart technologies in the Caribbean. The NES envisions technology as the bedrock of Curaçao's economic trajectory. In practice, this entails the developing technology enabled goods and services, and a technology enabled trade support infrastructure.

The trade support functions culminate in an e-government system for business to foster entrepreneurship, export and investment. As far as possible, Curaçao should deliver integrated government and institutional services digitally. Curaçao has a history of technological innovation in this area, and it should reclaim this leadership position. Together, the sectors, functions and underlying concepts are presented in the figure below.

Priority sectors and trade support functions



Source: ITC.

Tourism: Curaçao has become increasingly reliant on the tourism industry for economic growth, jobs and foreign exchange earnings. Yet, the sector remains relatively underdeveloped, with various subsectors that are either at an embryonic stage or as yet uncultivated. Subsectors include cultural, recreational, cruise, event, health, wellness, sport and eco-tourism. The best way to boost the competitiveness of Curaçao's tourism industry would be to pursue a National Tourism Export Strategy (NTES). A NTES would have the scope to improve Curaçao's diverse tourism industry, and make a real impact on multiple subsectors and tourism support functions within the industry. ITC and the Government of Curaçao are currently discussing the possibility of designing a NTES alongside the NES. Together, the strategies would provide a comprehensive and unified export vision for the country. In the event that a NTES is not pursued, a strategy will be designed for a specific tourism subsector.

Creative industries: The creative industries (often referred to as the orange economy in the Caribbean) is a diverse sector, and builds on the interplay between human creativity, knowledge and technology. Curaçao has a rich cultural heritage based on strong influences from the Caribbean, North America, Europe and Latin America. This richness has created a strong and vibrant cultural identity that expresses itself in a unique way.

The development of the creative industries was identified as a priority sector in Curaçao's National Development Plan.¹ This STDR focuses on high-value-added subsectors with potential, and includes design, animation, film and audio-visual services. The NES will focus on those subsectors that can be more easily grown in Curaçao and with the most potential to generate foreign exchange earnings.

Education services: Curaçao has a long tradition in the provision of transnational education (TNE) services in the Caribbean. The island is still a popular destination for foreign students from the Caribbean, the Kingdom of the Netherlands and parts of Latin America. The provision of transnational education services in Curaçao represents an important growth opportunity. The sector could become a regular and large contributor of foreign exchange, jobs and tax revenues. Furthermore, a vibrant education services sector can support skills production and innovation that are required by Curaçao in a range of other sectors, through the significant forward linkages provided by skilled human capital. To support the development of the education services sector, a comprehensive strategy is needed. The NES will engage all stakeholders with a bearing on the sector to enable Curaçao to create a vibrant education service sector.

Financial services: Curaçao's financial services sector faces an uncertain future. The legal preferences that created the industry are no longer in place, but the sector has struggled to identify a new niche segment with high growth potential. The country has some potential to diversify into a hub for investments destined for Latin America. The island's geographical location, its multilingual population, its strong regulatory framework and its reputation as a financial services hub presents the country with some clear advantages. In this vein, the industry recently launched a new platform, the Dutch Caribbean Securities Exchange (DCSX), which serves as an international exchange for the listing and trading of bonds, equities, funds and securities. Curaçao also has the potential to further strengthen that part of its consulting industry that provides financial services. Finally, the island could become a preferred destination for financial technology companies once a conducive regulatory environment is established. Rejuvenating the financial services sector is a priority of the National Export Strategy. Despite the recent challenges faced by the industry, it has a robust foundation of pre-existing companies and skilled professionals.

Information technology (IT) services: Curaçao is well positioned to take advantage of strong global demand for information technology services. The island is located next to six undersea fibre optic cables and hosts a state-of-the-art Tier IV data centre. Developing the IT services sector also fits Curaçao's long-term strategic orientation. The government wants to encourage the creation of high-value-added jobs with good wages and attractive working conditions. An IT services sector strategy will provide a blueprint for the sector to grow and to thrive, as both an export sector and a necessary support function. This entails assessing the sector's inputs (e.g. skills, infrastructure, regulatory policies and the business ecosystem), its products (e.g. software and analytics) and key target markets. In addition, the regulatory and intellectual property regime will also be assessed, alongside investment, market promotion and branding. Moreover, it would also help bring about the government's "Smart Curaçao" vision.

Port and maritime services: Curaçao has always played an important role in international commerce due to its location, stable governance and its deep and wide harbours. The Port of Willemstad in Curaçao is amongst the region's most developed and best-organized ports, and it also hosts several free zones. Port and maritime services are an area that the National Export Strategy has identified as having growth potential. These services include ship repairs, ship registration, vessel dismantling, berthing, transhipment and bunkering. During the next phase of strategy design, and in close collaboration with all relevant stakeholders that have a bearing on port and maritime services (e.g. Curaçao Port Authority), specific subsectors will be selected.

1.– Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015– 2030".

Trade facilitation: Trade facilitation measures streamline border procedures to reduce the time and cost entailed in cross-border trade. They also increase the predictability of obtaining licences, permits and rulings. From bilateral meetings with key stakeholders, it is clear that Curaçao's trade facilitation regime is in need of significant improvements. Customs agents lack capacity, struggle to record what comes in and out of the country, and are being forced to find ad hoc solutions to serious problems. Furthermore, the country is forgoing significant tax revenues because Customs is unable to enforce duties. Improving trade facilitation will be of key importance to WTO accession negotiations. For these reasons, a specific and detailed strategy will be designed to improve the trade facilitation environment for Curaçao.

Trade information: Successful navigation of international markets hinges on the ability of both the private and public sectors to leverage trade information. Up-to-date trade information allows firms to understand the commercial landscape of both existing and potential markets. Moreover, accurate trade information enables policymakers to make informed decisions. Yet Curaçao has limited statistical reporting capabilities. During discussions with senior Customs officials, they noted that much of the trade entering and leaving the country is not registered or inspected. They pointed out that this results in unreliable official trade statistics. Furthermore, trade data is often published years after it was collected, rendering it largely useless. The Curaçao Bureau of Statistics also faces serious capacity constraints, limiting its ability to deliver on its mandate. For these reasons, a specific and detailed strategy will be designed to improve trade information provision in Curaçao.

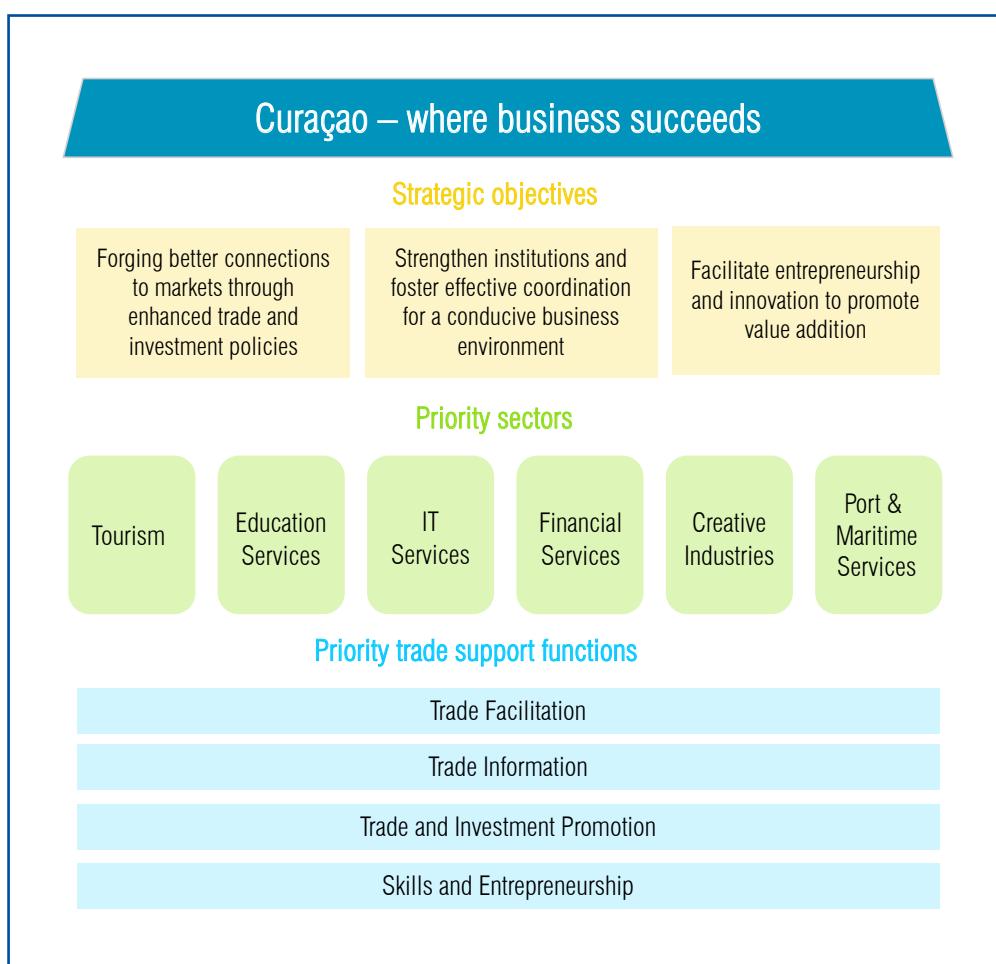
Trade and investment promotion: Trade and investment promotion comprises the set of economic policies, interventions and initiatives aimed at growing exports in target markets and encouraging investments into strategic sectors. An effective trade and investment environment helps boost productivity, incomes, jobs and exports. Curaçao's export and investment promotion environment is relatively weak. Despite its efforts, the Curaçao Investment and Export Promotion Agency (CINEX) has limited reach and provides very little in terms of trade information, market entry support or in-market support. Major institutional changes will be required to focus efforts on delivering the core services related to trade and investment promotion. A comprehensive and detailed strategy to develop this area will, therefore, be developed under the NES.

Skills and entrepreneurship development: Modern industries and sectors are more dependent than ever on advanced skills. Without these skills, high-value-added sectors can stagnate or fall into decline. Indeed, Curaçao faces persistent difficulties in matching job opportunities with qualified candidates. The education system is not responsive to the needs of employers. More importantly, it is not contributing to Curaçao's evolving economic landscape. An improved tertiary and vocational system is critical to providing a pool of qualified candidates for Curaçao's businesses. High levels of entrepreneurship are associated with long-term economic growth, better levels of productivity growth, and job creation. The country already has a small and medium-sized enterprise (SME) and entrepreneurship strategy and, as such, the skills and entrepreneurship functional strategy will draw heavily on this past work in order to not duplicate efforts. Recommendations and actions may be adopted wholesale if appropriate. However, Curaçao does not have a strategy to address the skills mismatch within the domestic economy. As such, skills matching and development of new skills will be particular areas of focus for this functional strategy.

Putting it all together

The strategic orientation of the NES is summarized in the figure below. It shows the vision, together with the strategic objectives, and the priority trade support functions and sectors. Most importantly, each sector and functional strategy will be designed to reinforce each other, through the creation of linkages among them (e.g. IT services with linkages to education services, creative industries and tourism; tourism with linkages to creative industries, port and maritime services, and education services). It is also important to note that the NES will benefit all economic sectors, whether they are identified as priorities or not. Improvements in trade facilitation, skills, trade promotion, and institutions and policies will equally and positively impact other service subsectors, including agriculture and manufacturing.

The strategic orientation of the National Export Strategy



Source: ITC.

Building momentum

It is imperative that the National Export Strategy does not remain just a piece of paper. Implementation must follow strategy design. Implementation will set Curaçao on the road to fulfilling the NES vision – a place where business succeeds.

The Strategic Trade and Development Roadmap is not the NES; it is only the first step of strategy design. Nevertheless, targeted implementation can begin immediately. This STDR recommends the implementation of five foundational actions. The implementation of these actions will begin the process of strengthening Curaçao's business environment and enable the government to show some "quick wins". Importantly, it will also build credibility for the National Export Strategy, and build momentum for further implementation.

Implementation Action 1 – Establish the Curaçao Export Council: Curaçao needs a robust governance structure to direct, support, monitor and measure implementation. The governance structure also needs to be able to identify emerging competitiveness constraints and opportunities in international trade and react accordingly. The Curaçao Export Council will fulfil this requirement. To be effective, it must be instituted in law, and be composed of senior representatives from the public and private sectors, as well as key civil society institutions.

Implementation Action 2 – Strengthen Customs: There are clear opportunities to improve the trade facilitation environment. Customs officials lack capacity, are struggling to record what comes in and out of the country, and are forced to find ad hoc solutions to serious problems. Furthermore, the country is potentially forgoing significant revenues, because Customs is unable to enforce duties. Early action to resolve some of the problems Customs is facing will improve the business environment.

Implementation Action 3 – Improve information provision for new businesses: New businesses are mostly unaware of the array of services provided by Curaçao trade and business support networks. A first-stop shop is required. This consists of a national portal that acts as a directory of services relevant to businesses. It provides simple information on these services and refers businesses to institutional websites for more detailed information. Such a first-stop shop makes it easier for businesses to identify what services exist, who provides them and what they need to do to access them. The portal will also answer the "what", "who" and "how" of engaging in international business and familiarizes businesses with regulations, incentives and financing options.

Implementation Action 4 – Improve the availability of trade statistics: Successful navigation of international markets hinges on the ability of both the private and public sectors to leverage trade intelligence. Curaçao publishes very little in the way of trade data, and what it does publish is highly aggregated, often incomplete and several years old. This information is essential to enable decision makers and businesses alike to make informed decisions. Thus, the STDR recommends increasing the capacity of trade-related data collection in Customs and the Central Bureau of Statistics.

Implementation Action 5 – Get a Doing Business and Logistics Performance Index score: Curaçao does not have scores on the most widely used international indices cited by investors. Getting a ranking on Doing Business and the Logistics Performance Index is a critical first step towards providing international investors with the information they need to make an informed investment decision. It will also help Curaçao to gauge its international competitiveness and the progress it makes in this regard.



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Macroeconomic performance

Macroeconomic overview

Curaçao is at a crossroads. Two of the three economic pillars sustaining the economy – oil refining and financial services – are in simultaneous decline. Consequently, economic performance has stagnated and per capita incomes are falling. Up-and-coming sectors such as professional services and tourism, meanwhile, have struggled to compensate.

Prolonged pressures on government revenues have led the Netherlands to place Curaçao under budgetary supervision, despite the government's attempts to bring down the budget deficit. Moving forward, the government will have little to no room to provide fiscal support if the economy deteriorates further.

Curaçao has a small population of approximately 156,000 people, and data suggests that the population is shrinking. Combined with the negative effects of brain drain and the need to invest in public infrastructure to support a large

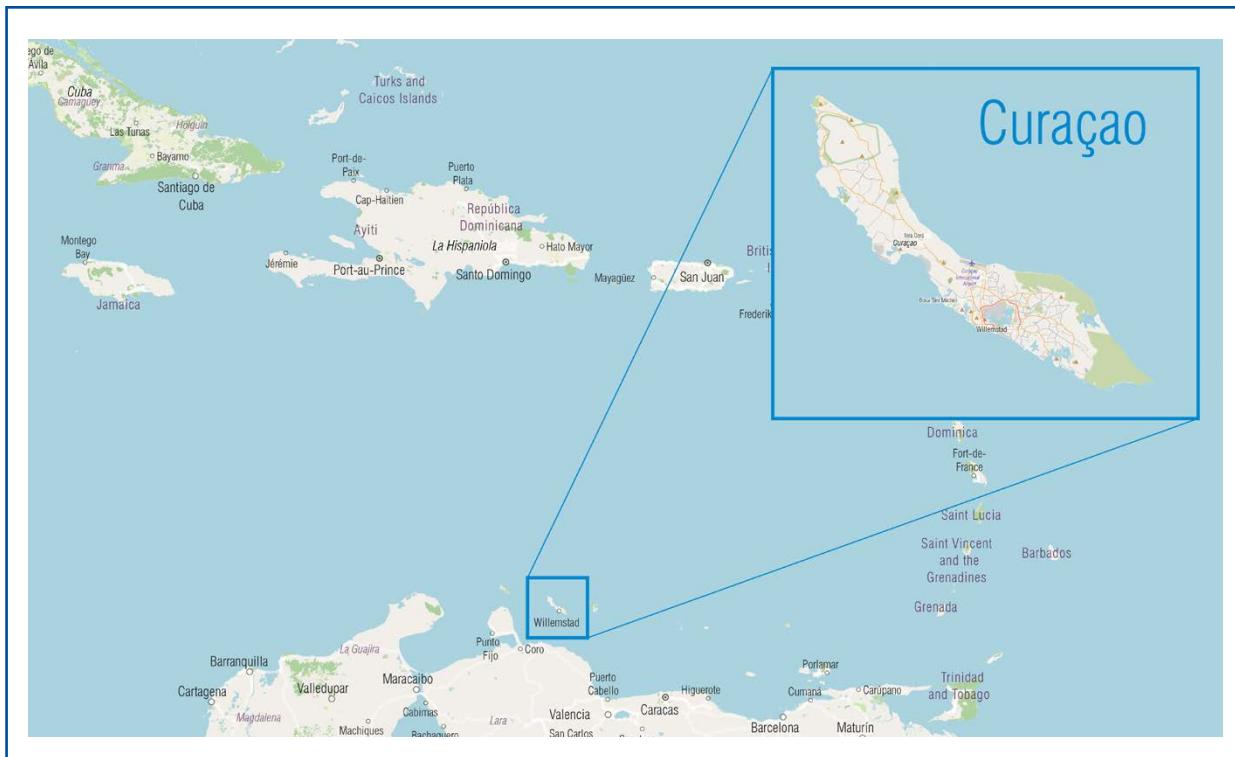
number of ageing people, the island will face difficulties supplying businesses with the skilled professionals they need to grow.

Early retirement, the tendency of women older than 45 years of age to drop out of the labour force and the significant number of persons who are unemployed has created a dynamic where only 58,000 persons are employed in a population of 156,000.

From the point of view of strategy design, prioritization is even more important in small island states where institutional capacity is limited. Limited capacity drives the need for actors to act according to a common vision and within a common framework. A new foundation for sustainable economic growth and well-being is needed to maintain and improve current standards of living. In short, a national export strategy is required.

Curaçao is a small island state located in the Southern Caribbean Sea, approximately 65 km north of the Venezuelan coast. The island's location, numerous deep-water ports and small size helped it become a strategic trading hub in the early seventeenth century. The Dutch West India Company ran the island from 1633 to 1791, but, after the company went bankrupt, Curaçao formally became a Dutch colony. In 2010, Curaçao gained autonomous status and is now one of four autonomous countries within the Netherlands.

Dutch cultural influences, its proximity to the South American coast and its affinity with other small island states in the region have given the island's people, architecture and culture a distinct and unique multicultural flavour. Many of the island's residents speak Dutch, English, Spanish and *Papiamentu*.

Figure 1: Map of Curaçao

Source: OpenStreetMap, accessed on October 2019.

A brief history of Curaçao's economy

In its early history, Curaçao was a hub for transatlantic ship operations as well as privateering. Its deep-water ports, rich salt deposits (used for preserving food) and defendable harbour convinced the Dutch West India Company to establish its regional headquarters on the island in 1633. Under the control of the trading company, the population of the island grew, with peoples arriving from Africa, Europe and parts of the Americas.

In the early twentieth century, the discovery of oil fields in the northern part of Venezuela brought massive investment into the region. In 1915, the Anglo-Royal Dutch Shell Corporation (hereafter Shell Global, its current name) chose to build one of the world's largest oil refineries, partly due to the island's strategic location, but also because of the country's stable legal framework.

In the following decades, refining became an increasingly important segment of the economy, and tied well with the existing port services Curaçao traditionally offered (e.g. bunkering). However, due to the nationalization of Venezuela's oil fields and infrastructure in the mid-70s, combined with the falling price of oil in the 1980s, Shell

Global entered negotiations to sell the refinery to the government in 1985.

The refinery was sold into state ownership the same year and was an important source of revenue for the island's government. However, the combined effects of United States (US) sanctions on Venezuela and ageing refining infrastructure are limiting the ability of the refinery to refine oil. Consequently, there has been a dramatic fall in the contribution of oil refining and derived products to the domestic economy in recent years.

In the mid-twentieth century, Curaçao developed a vibrant financial services industry. Just before the outbreak of World War II, several Dutch multinational corporations (MNCs) relocated their headquarters to Curaçao to protect their assets. This relocation created demand for accountants, lawyers and a range of other professional services. In 1955, a double tax agreement between the United States and the Netherlands was extended to Curaçao, paving the way for the offshore business.² The offshore business grew rapidly as US MNCs used Curaçao to issue bonds, which were not subject to US

2.– Tax Justice Network, "Financial Secrecy Index 2018: Narrative Report on Curaçao."

withholding tax. In the mid-1980s, the United States began closing the legal loopholes that enabled much of the offshore trade. In the years since, the offshore industry has steadily declined.

The success of the oil refining business and financial services sector in the mid-twentieth century led to a steady rise in the number of tourists visiting the island. Today, tourism is one of the main sources of income for the island's population and supports approximately one-third of economic activity. Tourism's importance

has grown steadily in recent years, but this is partly a reflection of the decline of Curaçao's other major sectors.

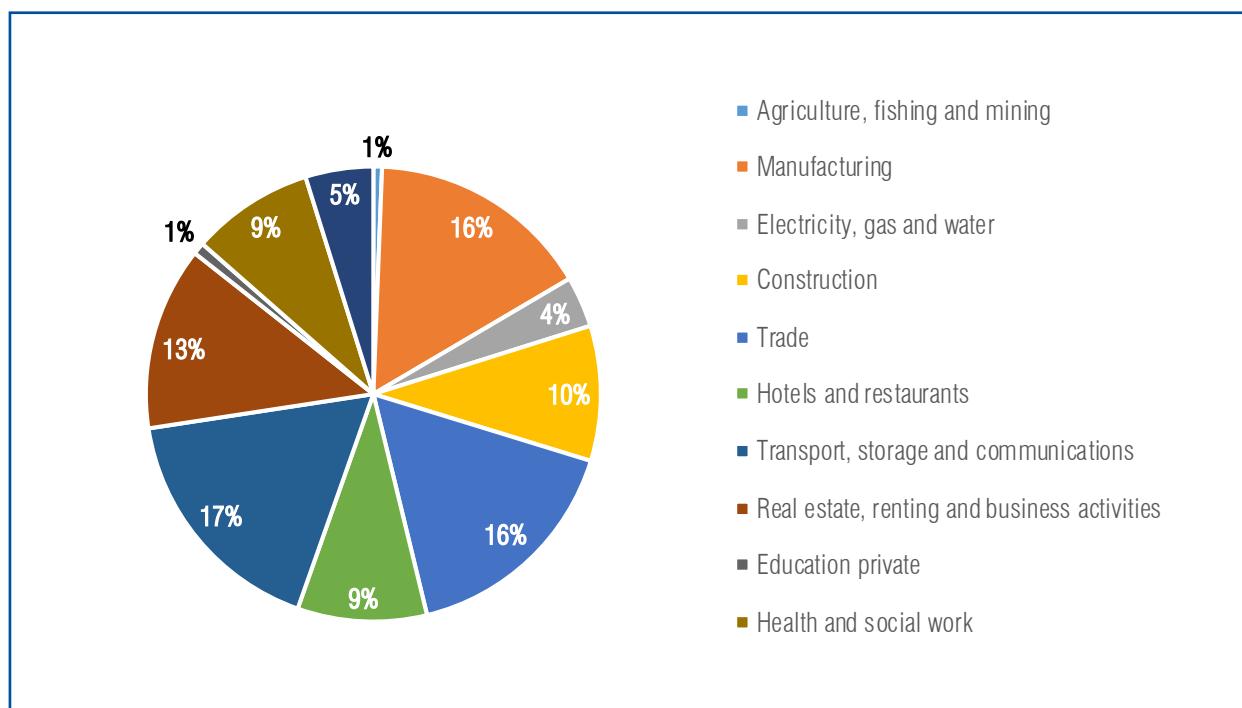
Today, Curaçao is at a crossroads. Two of the three economic pillars sustaining the economy – oil refining and financial services – are in simultaneous decline. A new foundation for sustainable economic growth and well-being is needed to maintain and improve current standards of living. In short, a national export strategy is required.

Composition and performance of GDP

The World Bank classifies Curaçao as a high-income country. The island's 2018 gross domestic product (GDP) was valued at NAf 5,599 million (\$3.1 billion; Central Bureau of Statistics).³ This translates into a GDP per capita of roughly \$19,500. As such, Curaçao is a productive country by global standards. However, GDP has stagnated and even declined slightly in the years since 2012. The Growth Strategy for Curaçao, a development plan to help kick-start the economy, estimates that, from 2012–17, GDP growth shrank by an annualized rate of 0.5%.⁴

Curaçao's private sector is diverse. Financial services and households each make up approximately 13% of the economy, with non-financial corporations accounting for 61% of the economy. Manufacturing, construction, retail trade, transport and storage, and health all make up substantial parts of the economy (Figure 2). However, this diversity has traditionally been highly dependent on the three main pillars of the economy: financial services, oil refining and tourism.

Figure 2: GDP breakdown: Non-financial corporation



Source: Central Bureau of Statistics (CBS), accessed November 2019.

3.– The Central Bank of Curaçao and St Maarten maintains a fixed exchange rate of 1.73 guilders to one US dollar.

4.– Werkgroep Groeistrategie, "Growth Strategy".

Unfortunately, many of Curaçao's sectors are either stagnant or in decline (Table 1). Manufacturing has declined sharply since 2014, as well as the transport, storage and communication sectors. Restaurants and hotels registered growth of more than 8% in 2018, but this comes after two years of contraction. The figures in Table 1 highlight the growth challenges facing all sectors within the domestic economy.

Table 1: GDP growth by sector (2014–18)

Sector	2014	2015	2016	2017	2018
Agriculture, fishery and mining	-0.2	-0.1	0.1	-0.5	-0.2
Manufacturing	-0.9	1.2	-9.3	-7.2	-14.9
Electricity, gas and water	-3.8	-4.2	2.9	3.0	0.4
Construction	-2.2	1.5	1.0	0.6	0.0
Wholesale and retail trade	-2.3	-0.5	-1.7	-2.0	-1.6
Restaurants and hotels	2.9	2.5	-4.3	-2.9	8.1
Transport, storage and communication	-2.0	0.0	-1.4	-1.4	-2.4
Financial intermediation	-0.7	0.6	-0.7	-1.6	0.8
Real estate, renting and business activities	-0.7	0.8	0.2	-1.6	0.8
Other community, social and personal services	-0.2	-0.7	-4.1	-2.9	-3.6
Private households	-1.2	-1.6	0.3	-3.7	-2.9

Note: Real percentage changes. GDP growth figures exceeding -4% and +4% are highlighted in red and green respectively.

Source: Central Bank van Curaçao en Sint Maarten.

In the last decade, economic performance has stagnated and per capita incomes are falling, largely due to the decline of financial services and oil refining. Up-and-coming sectors such as professional services and tourism, meanwhile, have struggled to compensate.

Population structure

Curaçao has a population of approximately 156,000 people. Nation states with small populations face a number of challenges that larger countries do not. Much of what an independent government must provide, especially in terms of institutional infrastructure to support business competitiveness, is not a function of the number of people. Every country requires a fully staffed set of government ministries, Customs offices, independent regulatory authorities and many other such institutions. What is more, the variety and quality of services these institutions provide is not strongly dependent on the number of people or businesses; thus, small island states very quickly run into severe capacity issues.

However, small island states carry with them a crucial advantage; their small size makes them more nimble than larger countries. Fewer people means fewer special interests and, all things being equal, this makes the building of consensus easier.

From the point of view of strategy design, prioritization is even more important in small island states such as Curaçao. Limited capacity drives the need for actors to act according to a common vision and within a common framework.

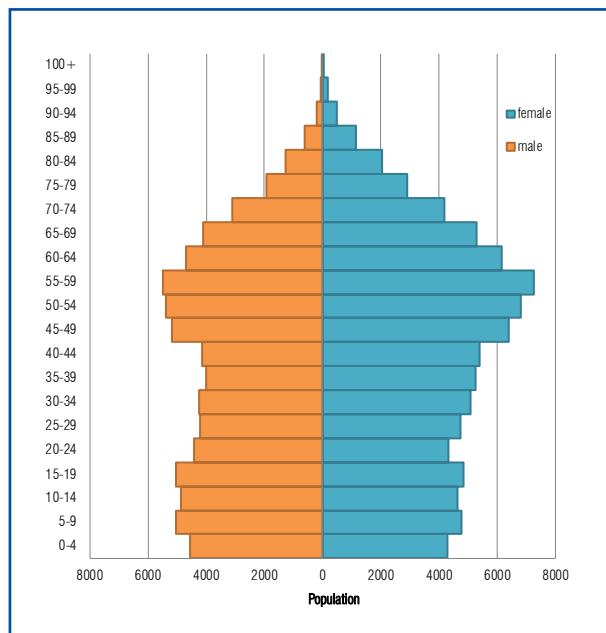
Curaçao's population structure is shown in Figure 3. Two features jump out. The first is the dramatic increase in the number of people over 45 years of age. Curaçao is known as a retirement destination for those who have lived and worked in the Netherlands. Far from being a burden on the state, these people bring with them spending power from their savings and pensions. Nevertheless, sustaining a large number of pensioners entails state investment in a variety of public services, most notably healthcare and public transportation.

The second feature is the large gender imbalance; in 2018, Curaçao had 73,000 men and 86,000 women. This means that, for every 10 men, there are approximately 12 women. Furthermore, men have a life expectancy of 74.7 years compared to 81.5 for women; thus, women live nearly seven years longer than men do.

A third, less obvious feature in the population structure is also evident; large numbers of people between 20 and 30 years of age are leaving the island, ostensibly to pursue higher education opportunities or employment abroad. The population data suggest that, once gone, many young people chose not to come back. Finally, population data from CBS indicates that, after decades of net migration, more people emigrated than immigrated in 2018.

In sum, Curaçao's population may be entering a prolonged period of decline. Combined with the negative effects of brain drain and the need to invest in public infrastructure to support a large number of older people, the island will face difficulties supplying businesses with the skilled professionals they need to grow.

Figure 3: Curaçao's population structure (2019)



Source: CBS, accessed November 2019.



Photo: CTB_2019_Visuals_Curaçao, Chill Beach Bar & Grill.

Employment

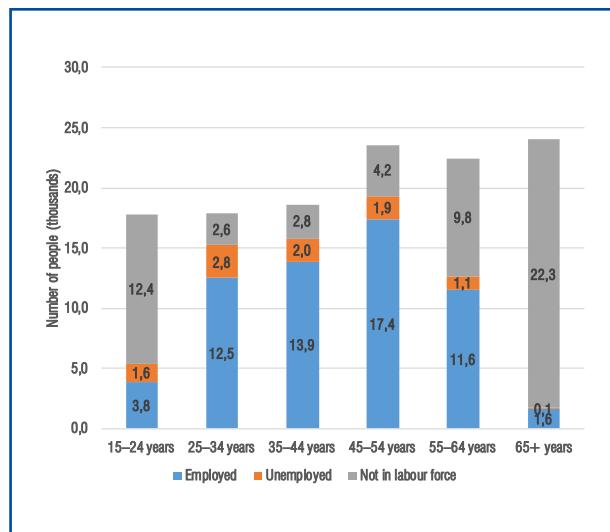
Employment statistics are best understood by examining how many people are in employment, seeking employment or no longer economically active. Figure 4 shows the employment statistics as a function of age for 2018.

Few young people, most of whom are in school or further education, are in the labour force. However, from 25 years of age onwards, the number of persons employed jumps sharply. Nevertheless, approximately 10,000 people between the ages of 25 and 44 are either unemployed or outside the labour force. From 45 years of age onwards, the number of people who drop out of the labour force rises dramatically. These statistics are most likely driven by persons from abroad retiring early and moving to Curaçao, as well as islanders retiring early.

Interestingly, women tend to drop out of the labour force much earlier than men do. This means that, despite women outnumbering men, fewer women may reach the top of their respective professions as compared to men.

Initial data from April 2019 indicates that the overall unemployment figure has jumped from 13.4% to 21.2%. This sharp increase is partly due to previously employed people now seeking work, and by an increase in the number of previously economically inactive people seeking work.

In sum, early retirement, the tendency of women older than 45 years of age to drop out of the labour force and the significant number of persons who are unemployed has created a dynamic where only 58,000 persons are employed in a population of 156,000. Encouraging women to stay in the labour force and creating opportunities for young people to build careers on the island will be a priority for the National Export Strategy.

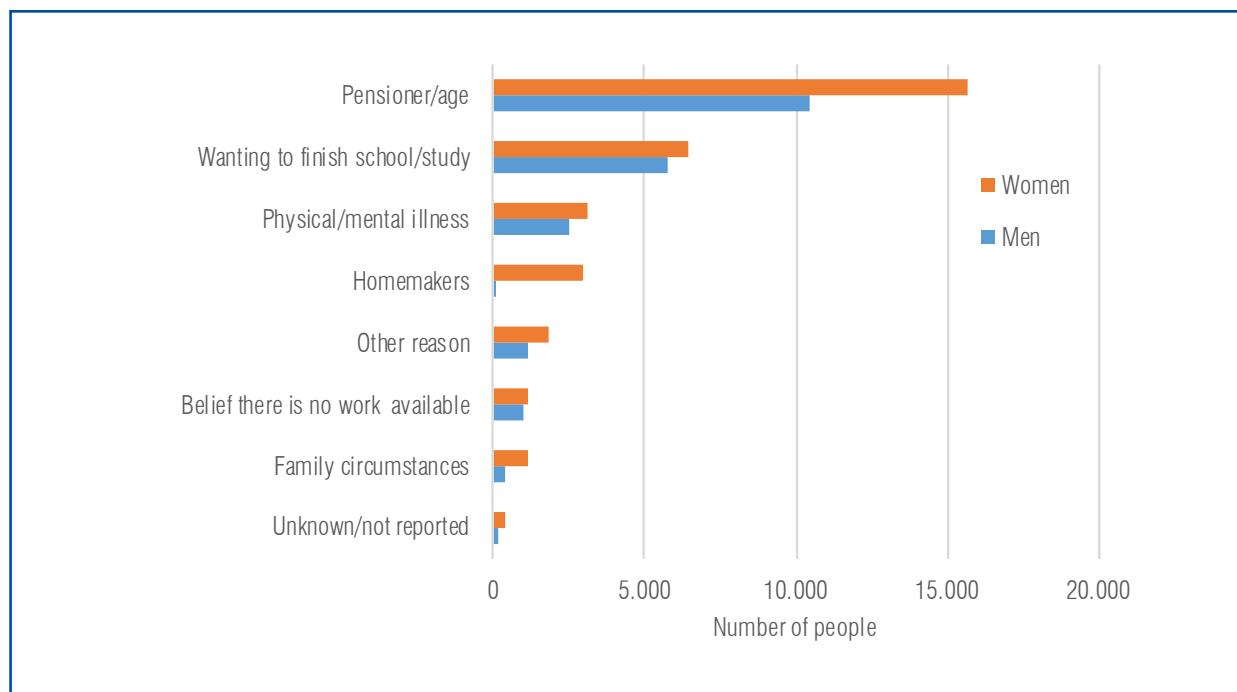
Figure 4: Employment statistics as a function of age (2018)

Source: CBS, accessed November 2019.

In 2018, the CBS also collected data on why economically inactive people were not looking for work. Figure 5 shows the results of the surveys. Unsurprisingly, being retired or in education are the most frequently cited reasons. However, 10% of respondents cite physical or mental illness. Only 4% cited a belief that no work exists.

More women are retired than men are, even after controlling for the greater share of women in the population. In addition, women make up almost all “homemakers”, or those who are not economically active due to family circumstances.

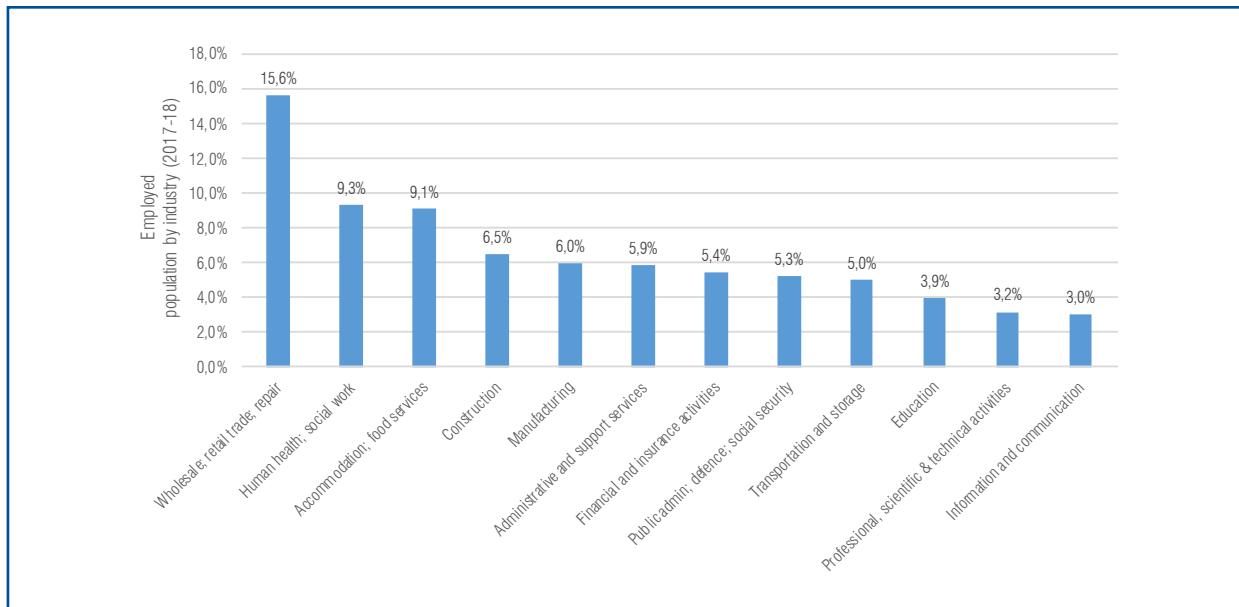
These figures suggest that increasing the average age at which islanders choose to retire, as well as encouraging retirees to re-enter the labour force, could help increase Curaçao's labour force participation rate. However, taking into account the needs of physically or mentally disabled people when designing national policy could also make substantial contributions.

Figure 5: Reasons economically inactive people are not in the labour force

Source: CBS, accessed November 2019.

Figure 6 shows the variety of sectors in which Curaçaoans work. The retail sector, which is mostly dependent on imports, employs the most people. This is followed by the health and social care sector, and the accommodation and food service sector.

A National Export Strategy prioritizes sectors that generate foreign exchange for the country. Therefore, accommodation, manufacturing, financial services and transportation and storage are all sectors whose competitiveness a NES seeks to improve. Furthermore, Curaçao's NES will seek to stimulate the development of those sectors that have high potential to generate foreign exchange earnings for the country.

Figure 6: Employed population by industry (2017–18)

Source: CBS, accessed November 2019.

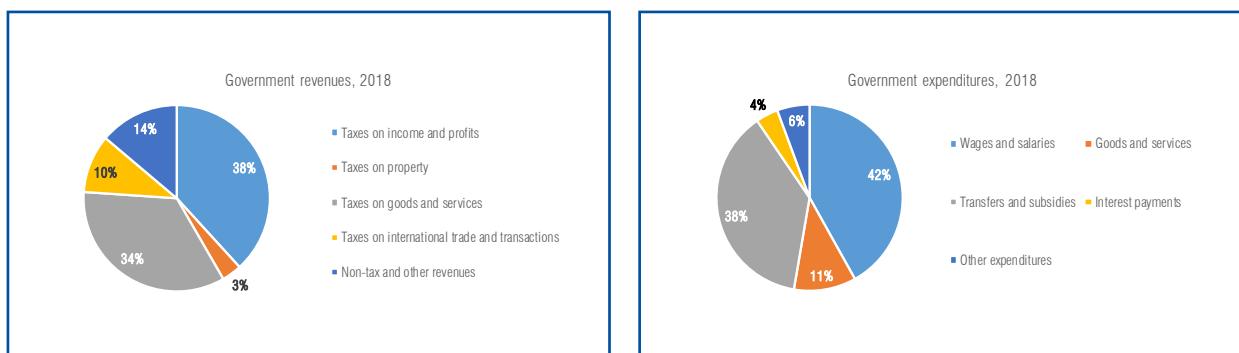
Fiscal position of the government

Curaçao became an independent country in 2010. This independence has given it more control over its budgetary affairs. However, as it is still part of the Netherlands, it is subject to the Netherlands' budgetary supervision framework.

In 2018, the government's revenue and expenditure totalled NAF 1,606.8 million (\$900 million) and NAF 1,646 million (\$921 million). Furthermore, from 2014–18, the country's debt to GDP ratio rose from 38.6% to 52.8%. The decline of the financial services sector, the headwinds facing the oil refinery and the collapse of a large airline have put significant pressure on the government's revenues.

In terms of fiscal expenditures, the government spends close to 40% of revenues on transfers and subsidies, and just over 40% on wages and salaries (Figure 7). The largest sources of government revenue are taxes on income and profits, and on goods and services.

Prolonged pressures on government revenues have led the Netherlands to place Curaçao under budgetary supervision, despite the government's attempts to bring down the budget deficit. Moving forward, the government will have little to no room to provide fiscal support if the economy deteriorates further. Therefore, the funding of activities and implementation under Curaçao's National Export Strategy is likely to come from budget reallocations rather than new spending commitments.

Figure 7: Government income and expenditures (2018)

Source: Central Bank van Curaçao en Sint Maarten.

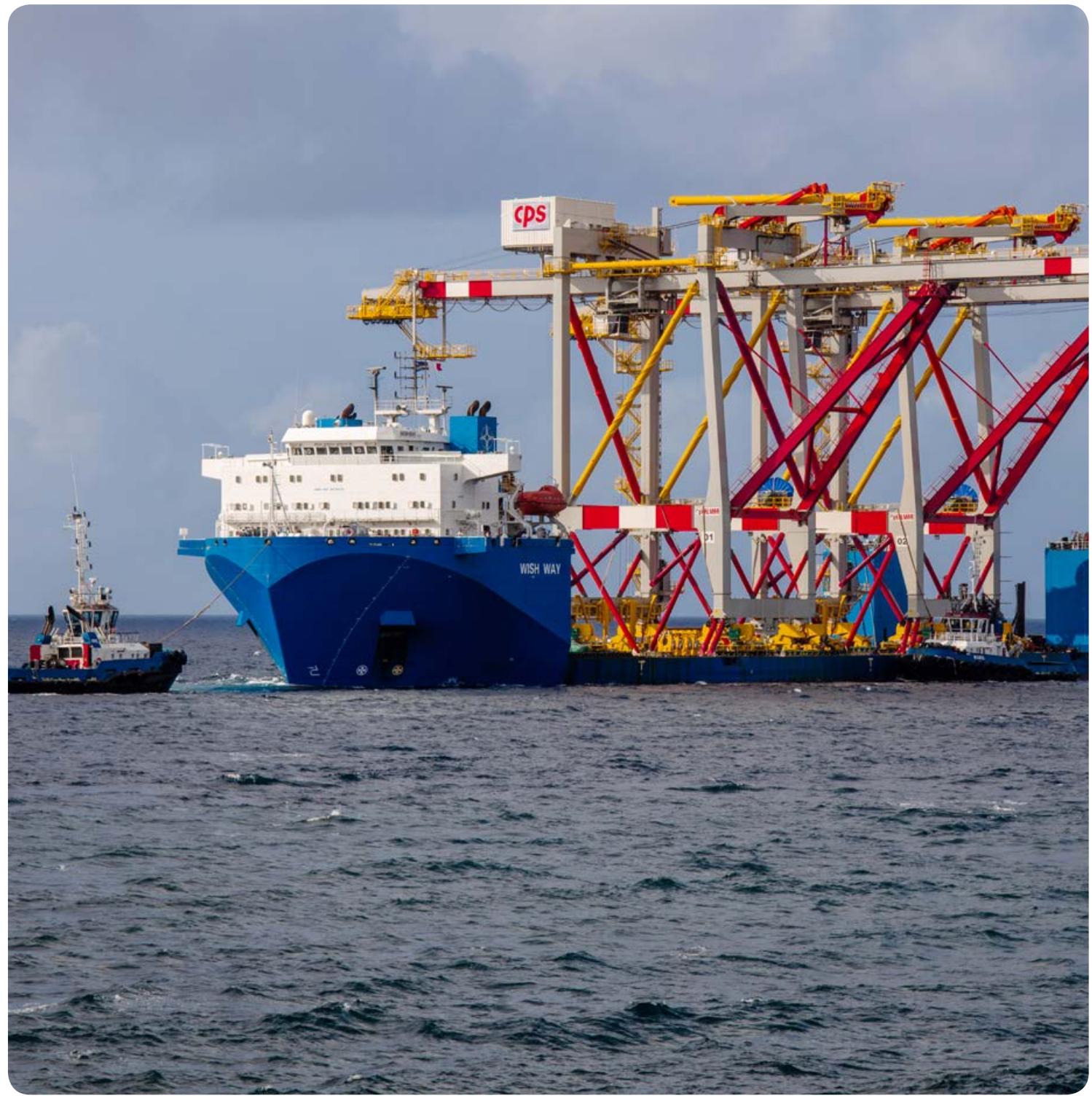


Photo: © Curaçao Investment and Export Promotion Agency, New heavy lift cranes arriving in Curaçao.

Trade performance

Overview of trade performance

Curaçao is running a large current account deficit. This deficit is driven by a large trade in goods deficit and is only partially offset by the positive trade in services balance. However, since 2016, both balances have deteriorated, leading to a rapid increase in the overall current account deficit. In order to pay for its imports and maintain its standard of living, Curaçao needs to grow sectors of the economy that generate foreign exchange earnings.

The value of Curaçao's goods exports to the world was \$528 million in 2018. Mineral fuels and precious metals dominate exports from Curaçao. However, exports of fuels have collapsed due to the ongoing troubles facing the Bolivarian Republic of Venezuela, and precious metals are mostly re-exports. Fish, beverages and some pharmaceutical products are some locally produced products, but earnings are limited.

The value of Curaçao's imports has been increasing and reached \$1.7 billion in 2018. Curaçao's imports come mainly

from the United States and the Netherlands. According to ITC's Export Potential Assessment, if Curaçao were to fulfil all of its untapped export potential in goods, it would only reduce the current account deficit by 13%.

Therefore, increasing services exports is key. Exports of services were valued at approximately \$1.4 billion in 2017. Recent deterioration in the net position of many services sectors, in particular for transport, travel and manufacturing services, has increased the scale of the challenge facing Curaçao. The sole bright spot is "other business services", which has grown rapidly in the last five years. However, without a further breakdown of the services captured within this category, it will be difficult to identify the subsectors with the highest growth potential.

To strengthen the island's balance of payments position, the National Export Strategy will prioritize services sectors. Nevertheless, this does not mean agriculture and manufacturing do not have important contributions to make.

Curaçao's balance of payments position

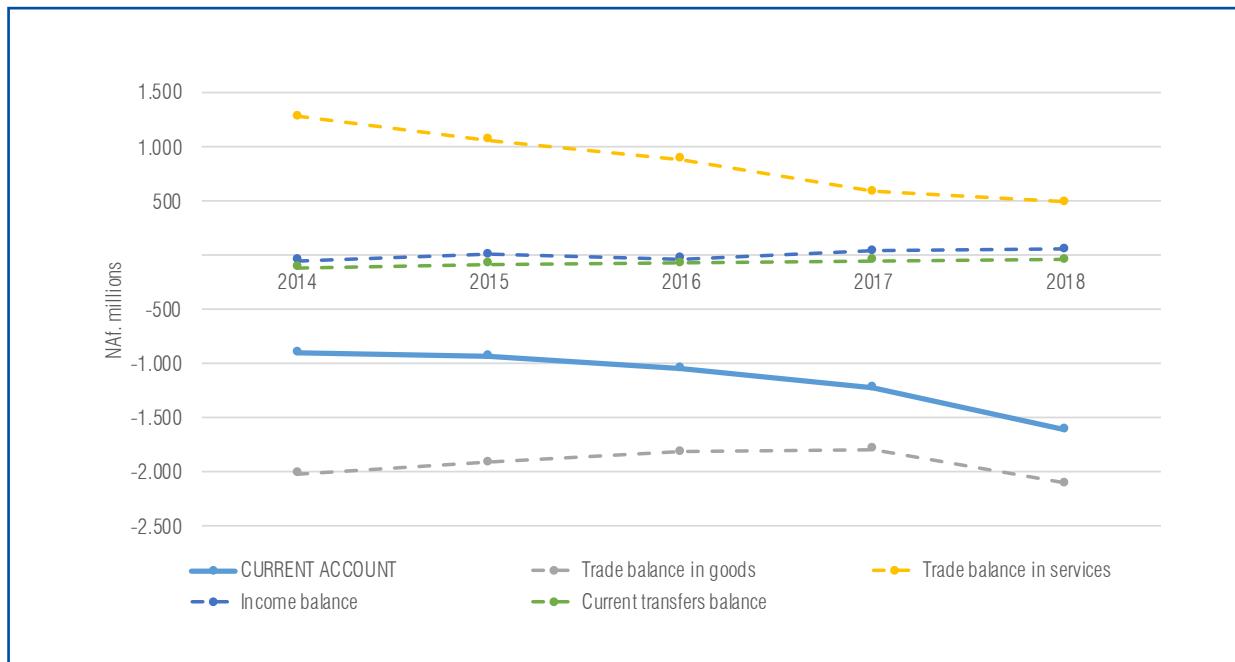
According to the International Monetary Fund (IMF), a country's balance of payments is a "statement that summarizes economic transactions between residents and non-residents".⁵ Put differently, balance of payments (BOP) statistics capture the flow of capital, and goods and services crossing national borders.

The BOP is split into two accounts: the current account, and the capital and financial accounts. The current account is composed of the trade balance in goods, the trade balance in services, the income balance and the current transfers balance. The capital account reflects

the net change in ownership of national assets. Balance of payments data follows strict accounting rules and, as such, the current, capital and financial accounts always add up to zero.

Curaçao is running a large current account deficit. This deficit is being driven by a large trade in goods deficit (i.e. the country is importing more goods than it is exporting). The negative trade in goods balance is partially offset by the positive trade in services balance. However, since 2016, both balances have deteriorated, leading to a rapid increase in the overall current account deficit.

5.– Internationaler Währungsfonds, *Balance of Payments and International Investment Position Manual*.

Figure 8: Balance of payments for Curaçao (2014–18)

Source: Central Bank of Curaçao and St Maarten, accessed November 2019.



Photo: (CC BY-NC 2.0) Ivan Wong Rodenas, IWR-Curacao-090316.

A current account deficit implies a capital and financial account surplus, which is typically funded through the sale of domestic assets. If those assets are being sold to investors who will put those assets to productive use (e.g. the purchase of land to build a hotel), the increase in the value of the assets and the spillover benefits to the domestic economy enable the country to continue funding a negative current account. If, however, the capital gained from the sale of domestic assets is used to purchase imports for consumption, the country may run out of foreign currency to pay for its imports.

In 2017, tourism was the largest source of foreign exchange for Curaçao, followed by income from the refinery and the free zone (Table 2). The Central Bank of Curaçao and St Maarten is charged with ensuring

the country has sufficient cash reserves to pay for imports. In 2018, average import coverage dropped from 5 months to 4.2 months. Nevertheless, this is still above the benchmark rate of 3 months.

Table 2:
Foreign exchange contribution by economic sector (2017)

Economic sector	2017
Tourism	31%
Bunkering	13%
Refining	13%
Free zone	7%
Transportation	7%
Merchandise (excluding free zone)	7%
International financial services	6%
Miscellaneous services	16%

Source: Central Bank of Curaçao and St Maarten.

The BOP statistics describe the central challenge facing Curaçao's economy. In order to maintain standards of living on Curaçao, the island needs to grow sectors of the economy that generate foreign currency. Failure to do so may restrict the island's ability to import goods and services critical to business productivity. It is for this reason that the NES will prioritize sectors with strong potential for foreign exchange earnings.

Trade in goods

A thorough assessment of a country's trade performance relies on access to high-quality and up-to-date trade data. Such information is usually accessed via Comtrade, Trade Map and Market Access Map. Analysis tools such as ITC's Export Potential Assessment rely on this data to make assessments. Assessing Curaçao's trade performance proved difficult due to a lack of up-to-date data. The analysis is, therefore, based on trade data that is already several years old, and may not reflect recent shifts in trade. Furthermore, different sources contained differing estimates for the same trade-related indicators, making it difficult to confirm the figures.

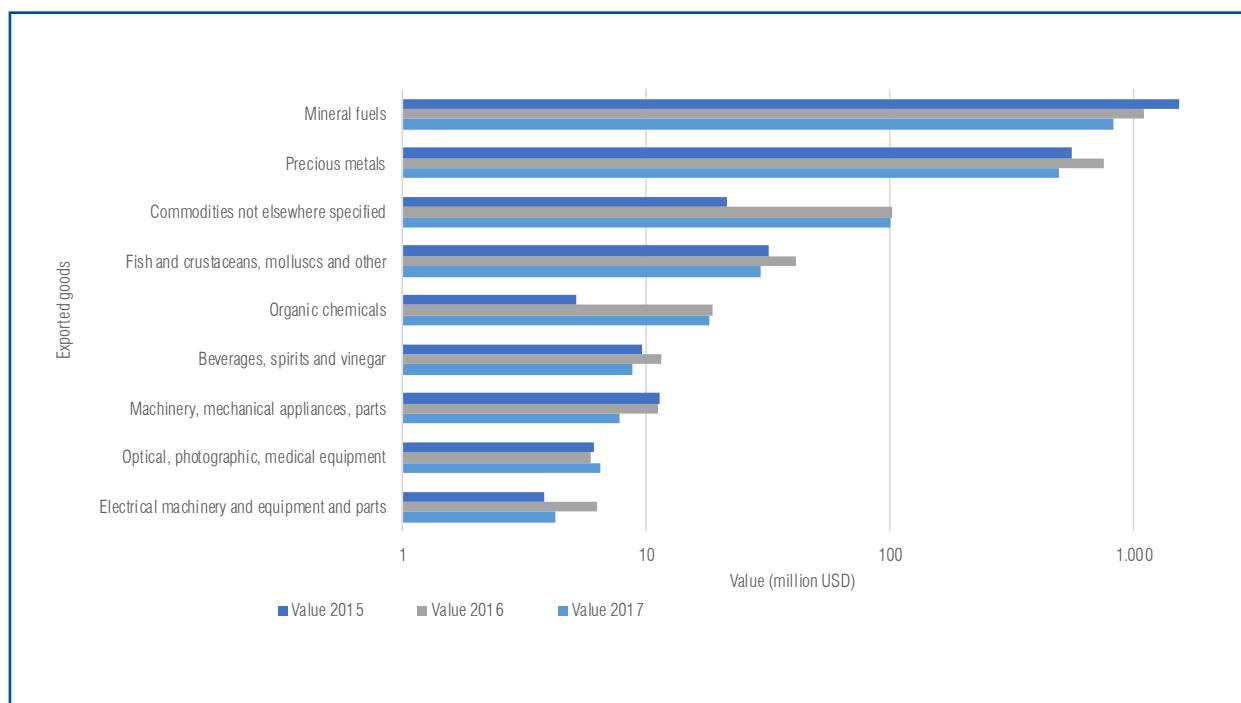
MAIN EXPORT PRODUCTS AND DESTINATIONS

According to the IMF's balance of payments data, the value of Curaçao's goods exports to the world was

\$528 million in 2018, or approximately 17% of GDP.⁶ Re-exports accounted for \$110 million, or 21% of exports. Detailed trade data is only partially available for 2018. Therefore, trade statistics from 2017 are used to describe Curaçao's export basket.

Mineral fuels and precious metals dominate exports from Curaçao (Figure 9). Together, these account for more than 80% of the island's total exports. The main export destinations for fuel were the Republic of Singapore and Central America (Belize and the Republic of El Salvador), while the main destinations of gold exports are the Swiss Confederation (Switzerland) and the United States of America (USA). Along with gold, the United States also imports a significant quantity of refined petroleum and a smaller quantity of other goods, such as pharmaceuticals.

Figure 9: Exported goods by value (2015-17)



Note: Data for 2018 and beyond is either not available or incomplete.

Source: Trade Map (2019).

However, exports of fuels have collapsed due to the ongoing troubles facing Venezuela, and precious metals are mostly re-exports. Therefore, these two products are

not good indicators of Curaçao's export performance. *Commodities not elsewhere specified* are the country's third-largest exported category.

6.– IMF balance of payments estimates.

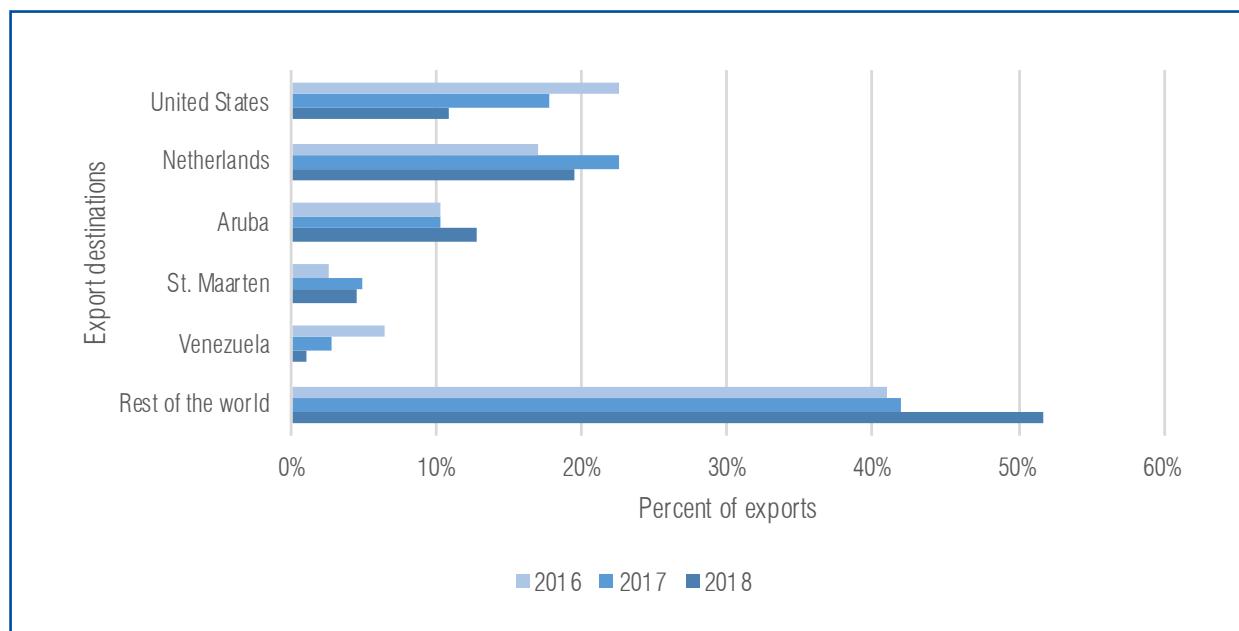
It is not clear why such a large volume of trade is unclassified. During the NES team's bilateral discussions with Customs, officials noted that many of the goods entering and leaving the country are not registered. Customs officials blamed broken scanners and a lack of motivation and training among staff.

Other important exports are fish (\$30 million), chemical products (\$18 million) and beverages, spirits and vinegar (\$9 million). Fish is mostly exported to the Kingdom

of Spain, while chemical products are exported to the Caribbean and Central America. Regarding beverages, the island exports mainly hard liquor to the Caribbean, the United States and Latin America.

In aggregate, the island's top export destinations are the United States and the Netherlands (Figure 10).⁷ Venezuela used to be a prominent trading partner, but, due to the recent turmoil in the country, exports to the country have collapsed.

Figure 10: Export by destination (2016–18)



Note: Figures exclude oil products. Data for 2019 and beyond is either not available or incomplete.

Source: Permanent Commission International Trade and Foreign Economic Relations, Government of Curaçao, "Trade Statistics and Main Trading Partners Curaçao 2016–2018".

If oil and the re-export of precious metals are excluded, Curaçao's basket of goods exports is limited and the aggregate values are low. This is despite the presence of free zones designed to promote goods exports, and good sea and air connectivity compared to other small island states.

MAIN IMPORT PRODUCTS AND SOURCES

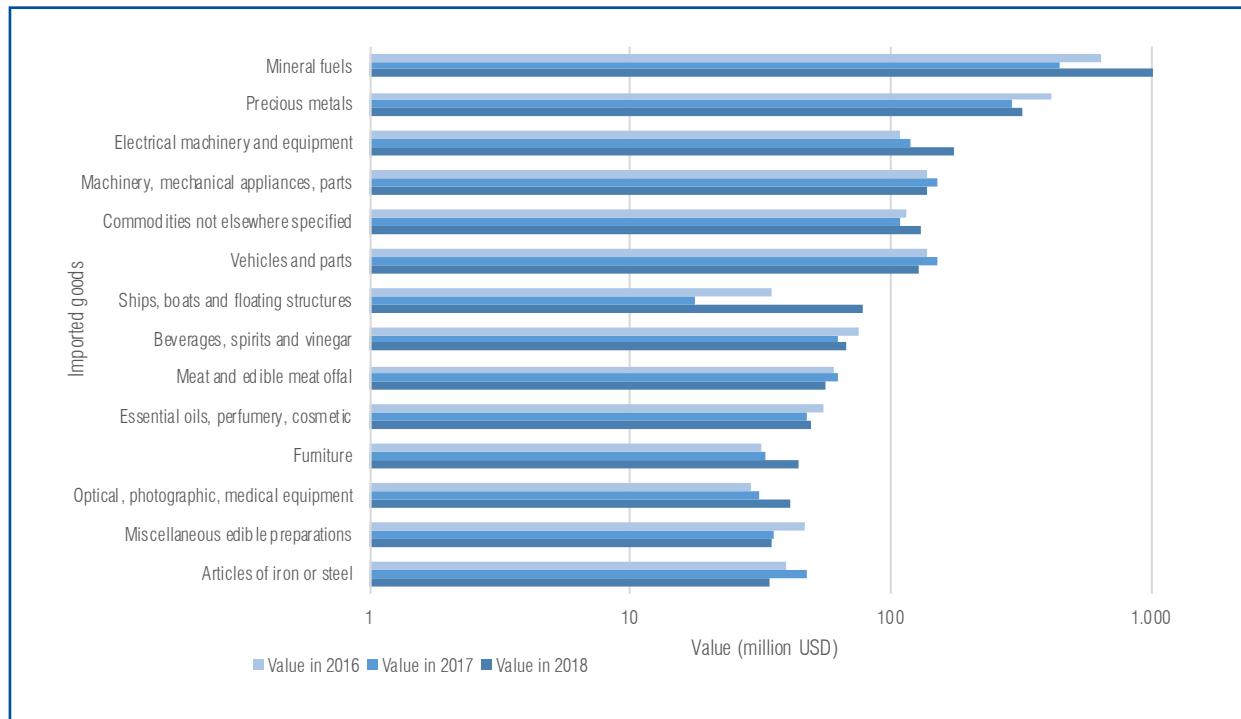
Small island states rely heavily on imported goods, because they are unable to produce all the products demanded by citizens and businesses. In Curaçao, goods imports amount to 45% of GDP. These imported goods

are consumed on the island or are transformed into new products to be sold on.

Over the past several years, the value of Curaçao's imports have increased. According to IMF balance of payments statistics, in 2018, the island imported \$1.7 billion worth of goods. The island's primary imports are mineral fuels (e.g. crude and refined petroleum) and precious metals (Figure 11). Together, these accounted for 47% of the country's imports in 2018. Refined petroleum comes mainly from the United States and South America. Petroleum imports are used in various activities such as refining and bunkering.⁸ With respect to precious metals, Curaçao imports gold mostly from South America.

7.– Permanent Commission International Trade and Foreign Economic Relations, Government of Curaçao, "Trade Statistics and Main Trading Partners Curaçao 2016–2018".

8.– International Monetary Fund, "Kingdom of the Netherlands – Curaçao and Sint Maarten: Staff Concluding Statement of the 2019 Article IV Mission".

Figure 11: Imported goods by value (2016-18)

Note: Data for 2019 and beyond is either not available or incomplete.

Source: Trade Map (2019).

Electrical machinery, vehicles and foodstuffs are some of the items imported. The main electrical machinery imported is computers, engine parts and integrated circuits. The main kinds of vehicles imported are cars and delivery trucks. The foodstuffs imported include liquor, beer, wine, baked goods and animal food. In addition, a high percentage of goods fall under “commodities not elsewhere specified”. Again, this may be due to a lack of capacity within Customs.

Overall, Curaçao's imports come mainly from the United States and the Netherlands.⁹ Imports from the United States account for one-third of the island's total imports, while imports from the Netherlands have remained relatively stable.

Venezuela, the Republic of Panama, the People's Republic of China and the Federative Republic of Brazil are other sources of imports. From Panama, imports are very varied and range from hard liquor to packaged medicaments. From China, the island's main imports are clothes. From Brazil, Curaçao's main imports are refined petroleum and animal products, such as poultry meat, bovine meat and pig meat.

Small island states import more as a share of GDP compared to larger countries. This is because small economies find it hard to produce the variety of products demanded by consumers and businesses. If imports are transformed into higher-value-added products and then sold on, they will support growth. If, however, imports are mainly fuelling consumption, they may become unsustainable.

EXPORT POTENTIAL ASSESSMENT – GOODS

ITC's Export Potential Assessment tool assesses a country's potential to increase exports of its existing products (thus, the export potential of new goods is not taken into account). The methodology takes into account: supply, demand and easiness to trade.¹⁰ Table 3 shows those goods classes with export potential. Natural or cultured pearls, precious or semi-precious stones, fish, organic chemicals and beverages are all top products. Destinations for these goods include Spain for fish, Switzerland for jewellery, the United States for beverages and Panama for antibiotics.

9.– Permanent Commission International Trade and Foreign Economic Relations, Government of Curaçao, “Trade Statistics and Main Trading Partners Curaçao 2016–2018”.

10.– ITC, Decreux and Spies, “Export Potential Assessments: A Methodology to Identify Export Opportunities for Developing Countries”.

Table 3: Goods with export potential

Product (HS2)	Unrealized export potential (\$'000)	Product (HS2)	Unrealized export potential (\$'000)
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof	32 568	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1 462
Fish and crustaceans, molluscs and other aquatic invertebrates	26 415	Rubber and articles thereof	783
Organic chemicals	15 778	Top 10 total	99 829
Beverages, spirits and vinegar	6 557		
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	8 187		
Pharmaceutical products	4 856		
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	1 526		
Miscellaneous chemical products	1 697		

Source: ITC.

In the case of Curaçao, estimates suggest that it has mostly reached its goods export potential and that fulfilling its remaining unrealized potential would not be enough to reverse the island's trade deficit in goods. In fact, if Curaçao were to fulfil all of its untapped export potential in goods, it would only reduce the current account deficit by 13%. However, due to lack of up-to-date trade data for Curaçao, these estimates are based on somewhat dated trade figures (2012–17). Nevertheless, these estimates suggest that Curaçao should look to other sectors to improve export performance.

Trade in services

Services exports were approximately \$1.4 billion in 2018. However, the services balance, as a percentage of GDP, has decreased since 2015 (Figure 12). This decline has contributed to the deterioration of the current account. Overall, the services balance has declined from a peak of approximately \$750 million to \$300 million in 2018

(Figure 13). This decline was driven by falls in transport services, travel services and manufacturing services. Services are a key sector for nearly all small island states, and Curaçao is no different. It is, therefore, important to understand what has driven this decline.

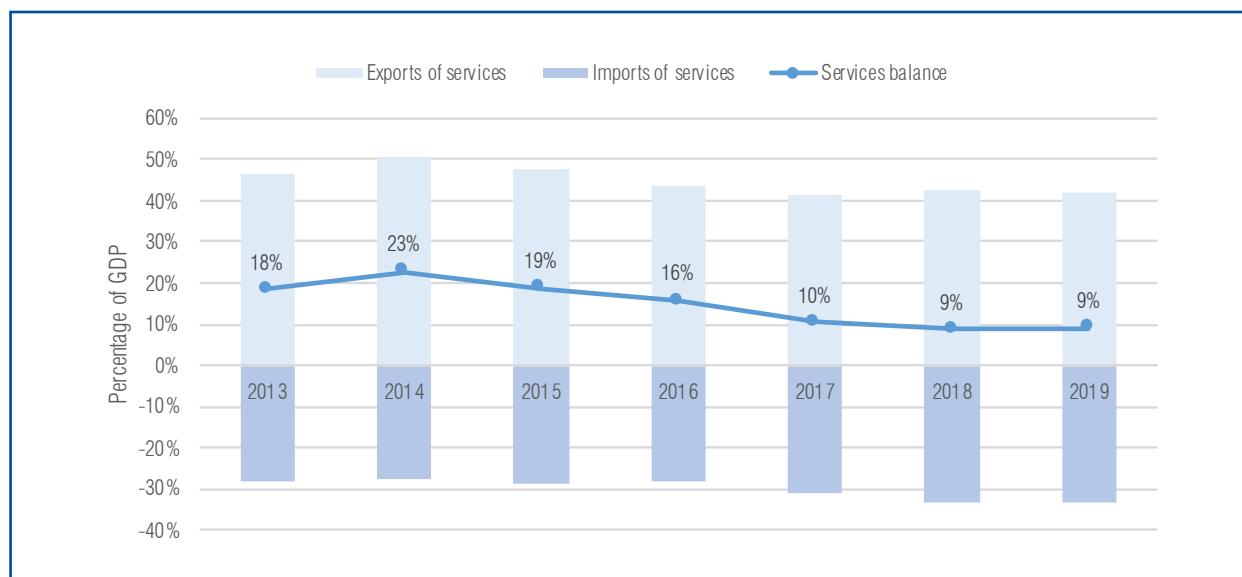
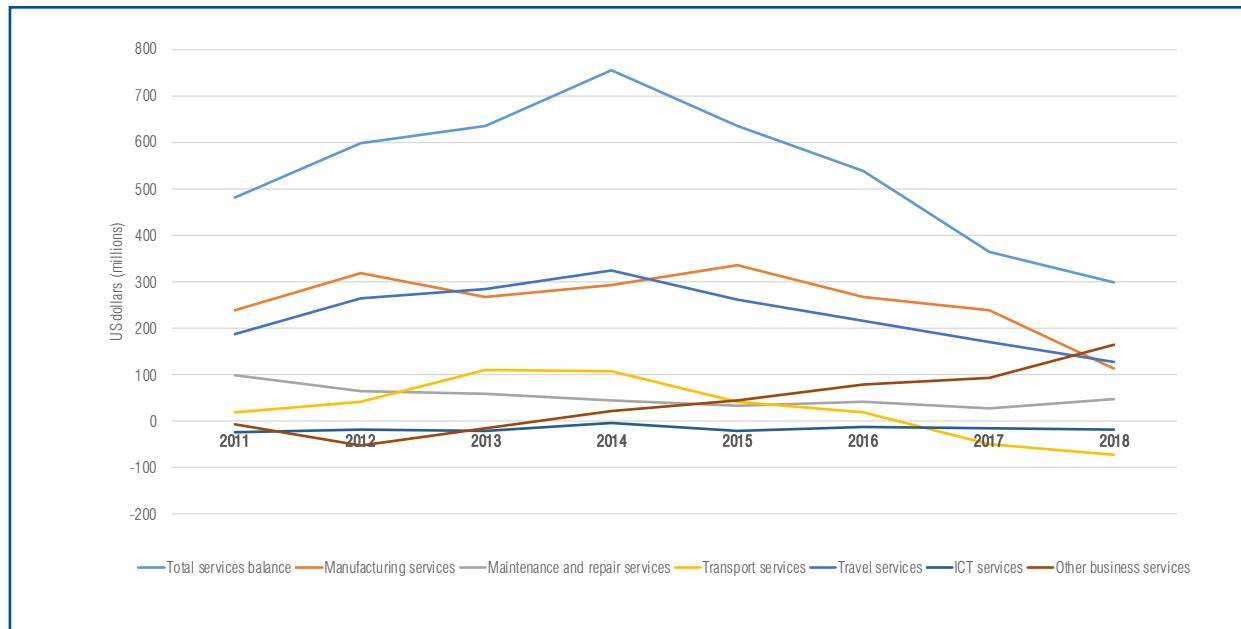
Figure 12: Service balance as a percentage of GDP (2013–19)**Source:** CBS and IMF (estimated 2018 and projected 2019).

Figure 13: Sector contributions to the services balance (2011–18)



Source: IMF BOP statistics (2019).

Transport services capture the transport of people and objects via sea, air or other means. Net receipts from transport services shifted from positive to negative in 2016–17, presumably due to the collapse of Curaçao's national airline, Insel Air. Even so, Curaçao generated \$23 million in exports in air transportation services in 2018, with 33% of revenues from the United States, 16% from the Republic of Trinidad and Tobago, and 13% from Aruba. For sea transportation services, exports totalled \$54.5 million, with 32% of revenues coming from other Dutch overseas countries and territories (OCTs), 21% from Venezuela and 8% from the United States. An improvement in the balance is unlikely unless new domestic air or ferry transport services are established.

Travel booked through agents, tour operators or other such providers is classified as travel services. When travel services by non-residents are booked through a domestic business, it is credited to the services balance. If, however, residents book travel services through a foreign agent, it is a debt to the services balance. The travel services balance declined from \$324 million in 2014 to \$126 million in 2018.

Manufacturing services captures services on physical inputs owned by others, including processing, assembly, labelling and packaging. The net balance of manufacturing services has declined from a peak of \$334 million in 2015 to \$113 million in 2018. These figures likely reflect the slowdown experienced by the oil refinery in the last few years. With little to no oil to refine, services

attached to this economic activity will have declined. At the time of writing, the refinery is still looking for a new operator to replace the troubled Venezuelan state-owned oil and natural gas company, Petróleos de Venezuela S.A. (PDVSA).

The only bright spot in the services balance is the performance of "other business services". This category has grown from negative \$22 million in 2014 to \$165 million in 2018. Other business services includes research and development, professional and management consulting (e.g. legal, accounting or advertising), technical consulting services (e.g. engineering) and trade-related services. Approximately 57% of export revenues come from the United States, 15% from the Netherlands and 7% from Aruba. Other business services contains business services from various subsectors for which there is only one company; therefore, the Central Bank is not able to provide data on a more disaggregated level.

Tourism is a large source of foreign exchange for the island. The sector accounted for approximately 18% of the country's GDP in 2013 and 26% of the contribution to foreign exchange.¹¹ In 2018, approximately 38% of tourism exports came from the Netherlands, 14% from the United States and 9% from cruise tourism. Hotel and short-stay accommodation contributed \$185 million to exports, while restaurants, bars and canteens contributed \$133 million. Recent research from the CTB showed that tourism supported (directly and indirectly) approximately one-third of the economy.

11.– The Dick Pope Sr. Institute for Tourism Studies, "Curaçao: Building on the Power of the Past (Tourism Master Plan 2015–2020)".



Photo: (CC BY-NC 2.0) Ivan Wong Rodenas, IWR-Curacao-090316 (14).

Curaçao's financial services sector is still an important source of foreign exchange earnings, earning approximately 6% of foreign exchange receipts.¹² The government has taken several measures to ensure that this sector remains competitive. It has enacted regulations to meet international standards and has installed an innovation committee in the Central Bank to adapt financial services to the digital economy.¹³

Services exports are key to the future prosperity of Curaçao. Recent deterioration in the net position of many services sectors, in particular of transport, travel and manufacturing services, has increased the scale of the challenge facing Curaçao. The sole bright spot is "other business services", which has grown rapidly in the last five years. However, without a further breakdown of the services captured within this category, it will be difficult to identify the subsectors with the highest growth potential.

EXPORT POTENTIAL ASSESSMENT – SERVICES

ITC is developing an Export Potential Assessment methodology for services. The approach is still in the initial stages of development. However, given how important services will be to the future success of Curaçao's economy, the initial results from the services Export Potential Assessment are presented. Using the sector-based information from the balance of payments data, ITC computed a rough ranking of services sectors with export potential (Table 4).

Manufacturing services on physical inputs owned by others, travel and other business services are the top three sectors with potential. The top three destinations are Switzerland, the United States and Spain (Venezuela is excluded due to ongoing political tensions). It is important to note that ITC's methodology bases its estimates on current exports, and thus does not include the potential of completely new services sectors. Furthermore, the methodology does not take into account important factors like air and sea connectivity, language barriers and other cultural factors. During the sector design stage, a value chain approach will be adopted to identifying potential destination markets. Nevertheless, the methodology gives an initial indication of where Curaçao's future services growth could come from.

Table 4: Services sectors and destinations with export potential

Ranking	Service sector	Ranking	Destination market
1	Manufacturing services	1	Switzerland
2	Travel	2	United States
3	Other business services	3	Venezuela
4	Transport	4	Spain
5	Maintenance services	5	Netherlands
6	Telecommunications services	6	Mozambique
7	Construction services	7	Russia
8	Intellectual property services	8	Brazil
9	Financial services	9	Suriname
10	Insurance and pension services	10	Nigeria

Source: ITC.

12.– Matroos-Lasten, "Curaçao Financial Sector: Ready for 2019 and Beyond".

13.– Matroos-Lasten.

Investment performance

Overview of investment performance

Curaçao has an attractive investment regime, an independent judicial system, an independent Central Bank, and an independent regulatory and supervisory framework.

Nevertheless, according to data from the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment (FDI) inflows totalled \$123 million in 2018, down from \$146 million the year before. Furthermore, FDI outflows increased over the same period. Increasing FDI inflows will be crucial if Curaçao is to increase supply-side capacities.

Attracting foreign investment can be challenging. To build an attractive investment environment, a portfolio of investment

opportunities needs to be assembled alongside a pipeline of services for both foreign and domestic investors. In both areas, Curaçao lags behind other countries, which is limiting its investment potential.

The Exporter and Investment Survey found that 27% of enterprises said they were seeking investment. Nearly half of firms were seeking equity-only investments, compared to 20% for debt-only and 13% for grant only. The amount of investment demanded varied from less than \$50,000 to more than \$5 million. However, investments of up to \$100,000 would meet the needs of 60% of the firms surveyed.

Investment and export growth are closely related. To increase exports, investments are needed to boost production in new and old sectors alike. Similarly, to generate competitive returns on investments, exporting goods or services to multiple markets is often essential. Small island states in particular are often reliant on a steady stream of foreign investment to finance upgrades and import the latest technologies.

Curaçao has a long history of attracting global investors. Shell Global established a refinery in the early twentieth century, and many financial services firms and multinational corporations established offices on the island during the mid-twentieth century. Today, the tourism sector is one of the most attractive investment opportunities for investors. However, to diversify the export base, investments will need to be made in a variety of sectors.

Investment performance

The net international investment position (NIIP) is the difference between a nation's stock of foreign assets and foreigners' stock of that nation's assets. As such, it can be viewed as a nation's balance sheet with the rest of the world. Curaçao has a positive and relatively stable NIIP. In 2017, the NIIP stood at \$7.5 billion. More recently, the NIIP has deteriorated, partly due to wholesalers and retailers taking out loans to finance imports.

Income from investments abroad have varied from \$60–\$100 million over the last 10 years. Income for non-residents flowing back to their home country, on the other

hand, varied between \$110 million and \$145 million over the same period. The net effect is a negative investment income balance, meaning that non-residents earn more from their investments in Curaçao than residents do from their investments abroad.

According to data from UNCTAD, foreign direct investment inflows totalled \$124 million in 2018, down from \$173 million the year before. From 2015–18, FDI averaged 4.6% of GDP. Increasing FDI inflows will be crucial if Curaçao is to increase supply-side capacities.

Investment regime

Curaçao has an attractive investment regime. The island has an independent judicial system that is part of the Netherlands and, thus, the European Court of Justice. Furthermore, it has an independent Central Bank, and an independent regulatory and supervisory framework. Over the last 10 years, concerted efforts have been made to improve compliance with anti-money laundering and anti-terrorism financing requirements.

As a country within the Netherlands, Curaçao is generally party to investment treaties signed by the Netherlands. Wide varieties of legal structures are supported, including sole proprietorship, the limited liability company, foundations, trusts and partnerships.

Tax incentives and exemptions also exist. Tax deferrals, tax holidays and sector-specific incentives exist.

For example, international shipping companies can request the application of tonnage tax. With tonnage tax, the company declares a fixed amount of profit based on the tonnage of the ship instead of the actual profit. Export companies can also benefit from tax incentives. If 90% or more of the company's business profit is the result of transactions with foreign clients, then profits are taxed at a reduced rate.

Sector-specific investment incentives also exist for the business development and hotel construction industry, the real estate development industry, industrial enterprises and the renovation industry. Minimum investment levels range from NAf 1–2 million (or \$0.55–\$1.1 million). Incentives include corporate tax waivers, import duties exemptions, property tax exemptions and personal income tax waivers.

Investment opportunities

Attracting foreign investment can be challenging. From the point of view of investment promotion organizations, it requires the identification of investment opportunities, the matching of those opportunities with interested investors, negotiating deals and the provision of aftercare services.¹⁴ To build an attractive investment environment, a portfolio of investment opportunities needs to be assembled alongside a pipeline of services for both foreign and domestic investors.

Curaçao has several entry points for investors seeking investment projects, including the Curaçao Investment and Export Promotion Agency, What's Cooking in Curaçao, a recently launched online investment guide hosted by UNCTAD and the International Chamber of Commerce (ICC), and the Curaçao Chamber of Commerce. These sites and institutions provide basic information on a wide range of sectors as well as a breakdown of investment incentives. The world's best investment promotion authorities provide investors with:

- Detailed industry performance statistics and forecasts;
- Guides on how to set up a business;
- Information on incentives and schemes;
- Cost calculators (e.g. cost of setting up a business and living);
- Tailored consulting services to evaluate business plans;
- Presentations of investment opportunities to targeted investors (e.g. St Anna Bay & Waaigat);
- Connections to industry associations and relevant government offices.

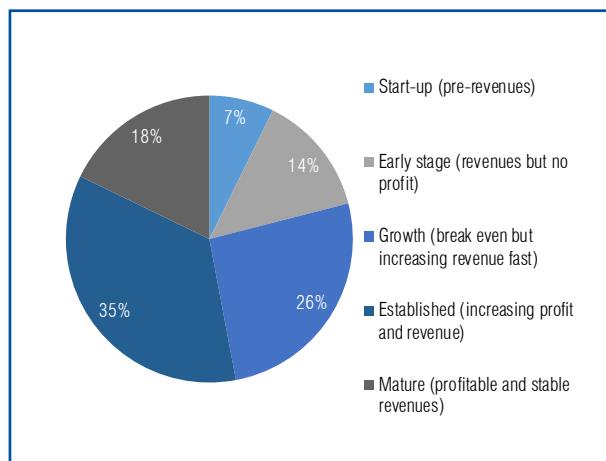
Curaçao needs to improve the provision and coordination of these services. The St Anna Bay & Waaigat development is an example of a well-developed investment project that reached out to specific investors. The effort involved multiple institutions. Facilitating more investment projects along these lines would help boost investment into Curaçao.

Investment needs of enterprises

In collaboration with the University of Curaçao, ITC conducted the Exporter and Investment Survey. This survey contained a number of questions on the investment needs of enterprises (see Annex I for sample statistics). Approximately 27% of enterprises surveyed said they were seeking investment. Figure 14 shows the stage

of development of the firms seeking investments. Note that this reflects the sample selection more than the true number or proportion of firms seeking these different types of investment. Nevertheless, it is clear that nearly 50% of the firms seeking investment were either established or mature firms.

¹⁴—International Trade Centre, SME Competitiveness Outlook 2019.

Figure 14: Stage of development of firms seeking investment

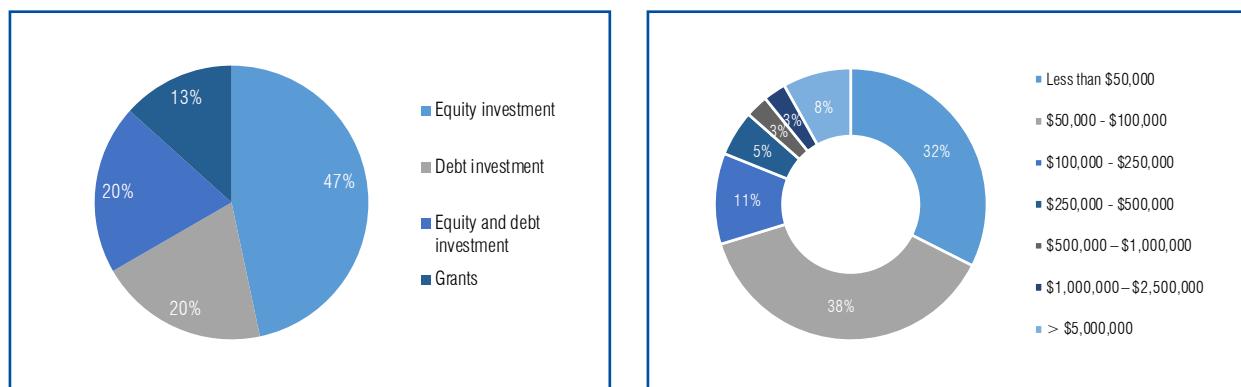
Source: ITC.

The Exporter and Investment Survey (EIS) asked a number of follow-up questions. These included the type of financing that enterprises wanted and the amount of investment being sought (Figure 15). Nearly half of firms were seeking equity-only investments, compared to 20% for debt-only and 13% for grant only. The amount

of investment varied from less than \$50,000 to more than \$5 million. However, investments of up to \$100,000 would meet the needs of 60% of the firms surveyed.

Under the Competitiveness of Small and Medium-sized Enterprises (COSME) programme, a feasibility study was conducted for the establishment of a guarantee fund scheme for SMEs in the OCTs. The report noted that, in many OCTs, the market fails to provide SMEs with the financing they need. However, credit guarantee schemes set up in response to these failures have met with mixed results. Some of the most successful schemes in the OCTs mixed SME training and bank staff training into the lending programmes. With Curaçao, the Curaçao Development Institute (CDI) has lobbied for the creation of loan and grant schemes to support SME development.

Using the EIS, the investment needs of enterprises can be assessed by sector. The top three sectors with the highest percentage of firms seeking investment were accommodation and food services activities, manufacturing, and information and telecommunications. Manufacturing firms, however, reported requiring the largest amount of investment.

Figure 15: Type and amount of investment sought by enterprises

Source: ITC.



Photo: CTB_2019_Visuals_Curaçao, Landhuis Chobolobo - Curaçao Liqueur distillery.



Photo: © Curaçao Investment and Export Promotion Agency, Blue NAP datacentre.

Specialized audits

Key findings from the specialized audits

Audit of existing strategies, plans and policies: Curaçao has a poor record of implementing strategies, plans and policies. Furthermore, no recent regional strategies were implemented. A lack of specificity in the strategies, combined with no institutionalized implementation management infrastructure, are central reasons why little to no implementation has occurred.

Audit of trade support network: The trade support network is in need of a refresh. Despite having a wide variety of trade support institutions, multiple studies have noted a general lack of institutional alignment, low capacities, low reach and no clear separation of responsibilities. Furthermore, institutions do not regularly meet as a network and discuss ways of coordinating action. As a result, firms do not receive a comprehensive package of support services from Curaçao's business environment.

Audit of digital air and sea connectivity: Curaçao has good air, sea and digital connectivity. The island has many direct connections to major cities and ports in North America and Europe. Despite good connectivity, Curaçao will have to align its transportation linkages to the requirements of the NES priority sectors.

Audit of education system: Education is a foundation of economic prosperity. Curaçao's diverse education system includes both university and vocational education. However, businesses and institutions report difficulties finding employees with the necessary skills for their industry. Brain drain is also an ongoing problem. Policies to encourage educated students to come back to Curaçao after their university studies abroad should be strongly considered. For example, tying tertiary education grants to return clauses.

Trade transaction audit: Executing an international trade transaction efficiently requires all steps of the process to work seamlessly. One problem or bottleneck can hold up the entire transaction, resulting in increased costs and lower competitiveness. Curaçao's firms find the export process challenging. Nine out of ten surveyed firms face at least one challenge in the exporting process. Particular problems exist around clearing port formalities and Customs.

The scope of a National Export Strategy is comprehensive. It covers the traditional topics associated with export strategies (for example, Customs, quality management and trade promotion), but it also covers areas such as education and skills, migration policy, and development.

As a result, national export strategies go beyond describing a country's macroeconomic and trade position. National export strategies also assess a country's existing set of development plans, policies and strategies, its current sea, road and air transport connectivity, its tertiary education system, its existing suite of trade support institutions, and the current set of business services on offer to enterprises.

A strong understanding of all of these areas is not optional. Strategies often fail when moving into implementation, because not enough analysis is devoted to understanding how recommendations can be turned into action. This section will provide in-depth analysis of Curaçao's development agenda, its transport connectivity, its education system and its institutional set-up with a view to supporting implementation of NES activities.

Audit of existing strategies, plans and policies

Since independence in 2010, Curaçao has developed a larger number of plans, policies and strategies. These strategies, usually commissioned by government, were mostly drafted by international organizations or consultancies. Many of the existing strategies are well written and well researched, and provide guidance for moving into implementation. Nevertheless, Curaçao has struggled to implement recommendations.

Frequent elections, changes in government, and changes of leadership within the ministries have all been cited as factors impeding implementation. Furthermore, difficulties identifying the resources to implement agreed activities have also hindered implementation. As a result, there is deep scepticism both in government and in the private sector regarding new strategies and the probability that recommendations will be acted upon.

Annex II provides an overview of Curaçao's existing plans, policies and strategies. A cursory examination of the list reveals that Curaçao has a large number of strategies covering multiple sectors (e.g. tourism and financial services) and trade support functions (e.g. innovation, e-commerce and entrepreneurship).

IMPLEMENTATION RATINGS OF EXISTING STRATEGIES

Despite the widespread view that strategies and policies are not implemented or only partially implemented, little data exists to confirm or reject this assertion. The Ministry of Economic Development was, therefore, asked to assess the extent of implementation for a number of key strategies. The results are shown in Annex II.

The strategies are ordered by year, to try to account for the fact that more recently published strategies are less likely to achieve high implementation ratings. The strategies were further classified into national, functional and sector-specific strategies, and a distinction was made between regional and home-grown strategies. For home-grown strategies, the average implementation rating was 2.2 on a 1–5 scale (i.e. limited to moderate implementation). Regional strategies, on the other hand, received the minimum rating, suggesting little action has followed from these efforts. Home-grown sector strategies received the highest average rating (2.8), while functional strategies scored somewhat lower (2.4). While the scores reveal that some implementation has occurred, the ratings reveal that the overall level is low.

SPECIFICITY OF EXISTING STRATEGIES

Policymakers sometimes find it difficult to implement strategies that do not provide them with enough specificity. In order to guide policymakers, they have to know what needs to be done, who will do it, how long it should take, what targets define success and what are the resource allocation implications.

Understandably, these are difficult questions for strategists to answer. Without a strong engagement with all relevant stakeholders, many of these questions will go unanswered during the strategy design process, drastically lowering the chances of successful implementation. A review of Curaçao's existing strategies shows a lot of variability in this area. Some strategies, such as the intellectual property strategy and the quality policy, provide highly detailed plans of action along with well-thought-out implementation frameworks. However, many others do not, limiting their "implementability" in the eyes of policymakers.



Photo: CTB_2019_Visuals_Curaçao, Lagun Beach.

ROLE OF EXISTING STRATEGIES IN THE NES

No strategy can or should be designed in isolation. Existing research and recommendations should be leveraged to avoid any redundant or incoherent efforts. This is especially important when resources – be they technical, financial or human – are limited. The NES will use the analysis, outputs and recommendations of

other strategies where applicable. As such, for strategies where implementation has not occurred, the NES may repeat some of the same recommendations.

Overall, Curaçao has a poor record of implementing strategies, plans and policies. Furthermore, none of the recent regional strategies were implemented. A lack of specificity in the strategies and no institutionalized implementation management infrastructure are central reasons why little to no implementation has occurred.

Audit of the trade support network

Trade and investment support institutions (TISIs) play a crucial role in supporting the trade competitiveness of enterprises. A strong and competent set of institutions can bring into being the strategic goals and visions of the government and the private sector. The institutional support provided by TISIs constitutes the trade support network (TSN) in the country.

A strong TSN empowers and builds the capacity of enterprises, and a weak TSN creates bottlenecks and constrains enterprises. TISIs provide essential intelligence about trade developments, represent the interests of the business community and support enterprises by providing training, tools and assistance. They make doing business easy for both foreign and domestic enterprises. TISIs are among the principal contributors to export development, and are one of the main stakeholders and beneficiaries of national export strategies.

CURAÇAO'S TRADE SUPPORT NETWORK

Curaçao's trade support network can be broken down into four types: the policy support network, the trade services network, the business services network and the civil society network. The policy support network represents the ministries and national authorities that are responsible for policy development and implementation in the country. The trade services network provides a wide range of trade-related services to the public and private sectors (e.g. trade promotion and trade information). The business services network is comprised of representatives of commercial services providers assisting with trade transactions. The civil society network constitutes a wide range of organizations, including academia, labour unions, media and

non-governmental organizations (NGOs) (see Annex III for a full inventory of institutions).

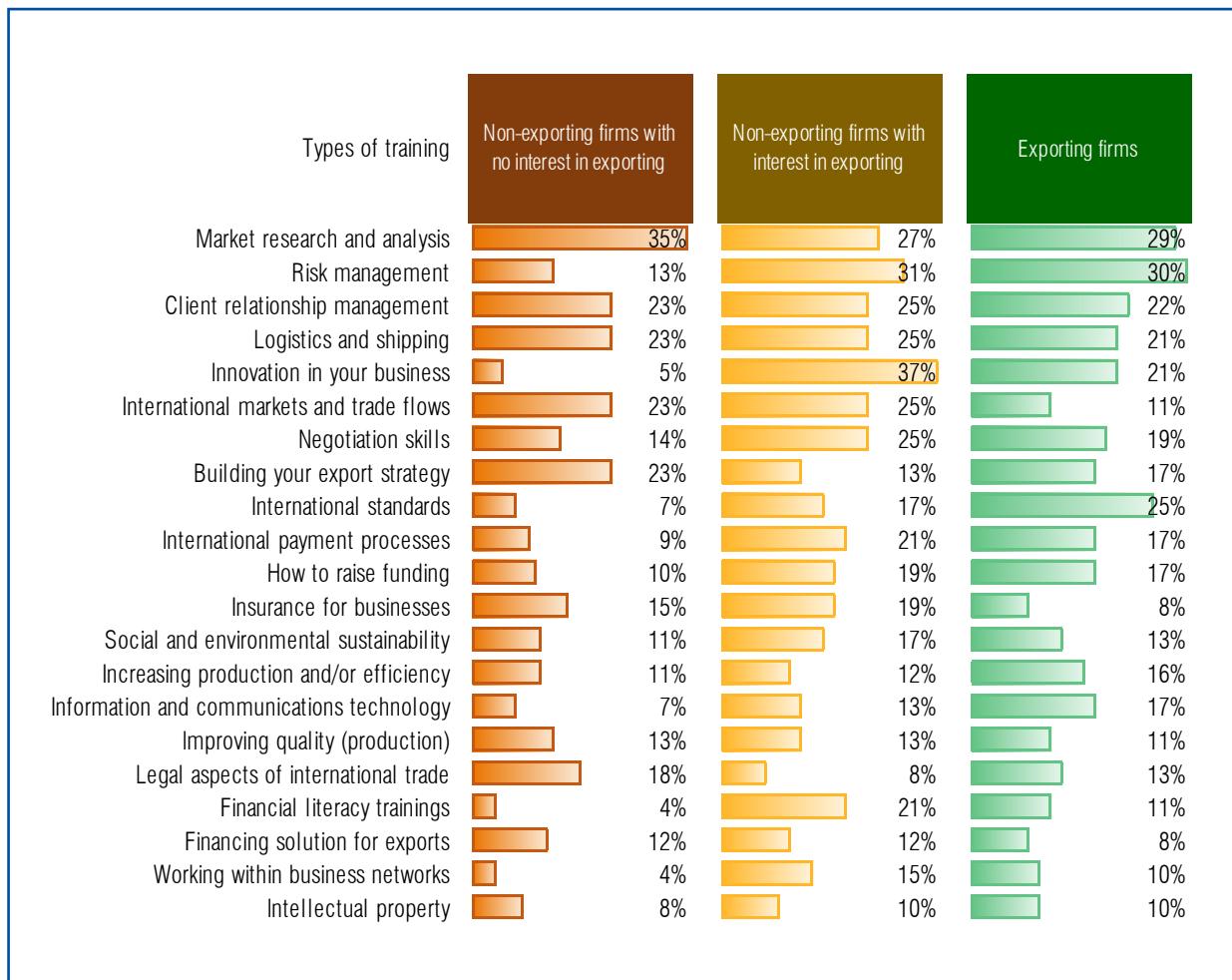
CURAÇAO'S TRADE SUPPORT NETWORK HAS A LOW REACH

Enterprises were also asked to cite the challenges they faced when interacting with a wide variety of TISIs. Unfortunately, many were unable to cite issues, as they had had no previous contact with many TISIs. For example, 75% of firms surveyed had had no previous contact with the Curaçao Investment and Export Promotion Agency. Even after filtering for exporters and firms seeking investment, nearly 70% of firms had had no previous contact with this key TISI. This pattern was repeated across a number of institutions. Other reports and strategies have noted the low capacities of Curaçao's business support organizations.¹⁵

TRAINING AND SERVICES DEMANDED BY ENTERPRISES

During consultations with various institutions, it was clear that there was little consensus regarding what services enterprises in Curaçao were after. To remedy this situation, the Exporter and Investment Survey asked enterprises what types of training they would be interested in receiving (Figure 16). For exporting firms, market research and analysis, risk management and international standards came top. Furthermore, innovation was a top-cited training for non-exporting firms with an interest in exporting. There is a wealth of information in this dataset that can be leveraged by the TSN to identify what services they should focus on delivering for different target groups.

15.– TAC Applied Economic and Financial Research, "Strategies for Sustainable Long Term Economic Development for Curaçao"; Werkgroep Groeistrategie, "Growth Strategy"; UNDP, "A Roadmap for SDG Implementation in Curaçao".

Figure 16: Training requested by firms

Source: ITC.

ONE NETWORK, ONE DIRECTION, ONE DATABASE

Curaçao has a wide variety of trade support institutions. However, multiple reports and assessments have noted a general lack of institutional alignment, a lack of capacity and no clear separation of responsibilities. Indeed, many important institutions in Curaçao are staffed by only a handful of people. Furthermore, institutions do not regularly meet as a network and discuss ways of coordinating action. As a result, firms do not receive a comprehensive package of support services from Curaçao's business environment. Moreover, institutional fragmentation results in a low awareness among enterprises regarding the services that the TSN does provide.

The trade support network is in need of a refresh. The reformulated TSN should adopt the following mantra: one network, one direction and one database. One network encapsulates the idea that enterprises should be able to benefit from a seamless value chain of services provided by institutions on the island. One direction recognizes that, in an environment of limited resources, institutions cannot afford to pursue opposing strategies and that they must be aligned towards achievement of a single set of national-level objectives. One database refers to the need of institutions to maintain or share a common database of enterprises so that they know who their clients are and what they need. On this last point, Curaçao Business Point –created by the Chamber of Commerce– is a good first step.

Digital, air and sea connectivity audit

Curaçao has good sea, air and digital connectivity given its size. This is due to its past economic performance, deep natural harbours, good all-year-round weather, and a strong regulatory and safety environment.

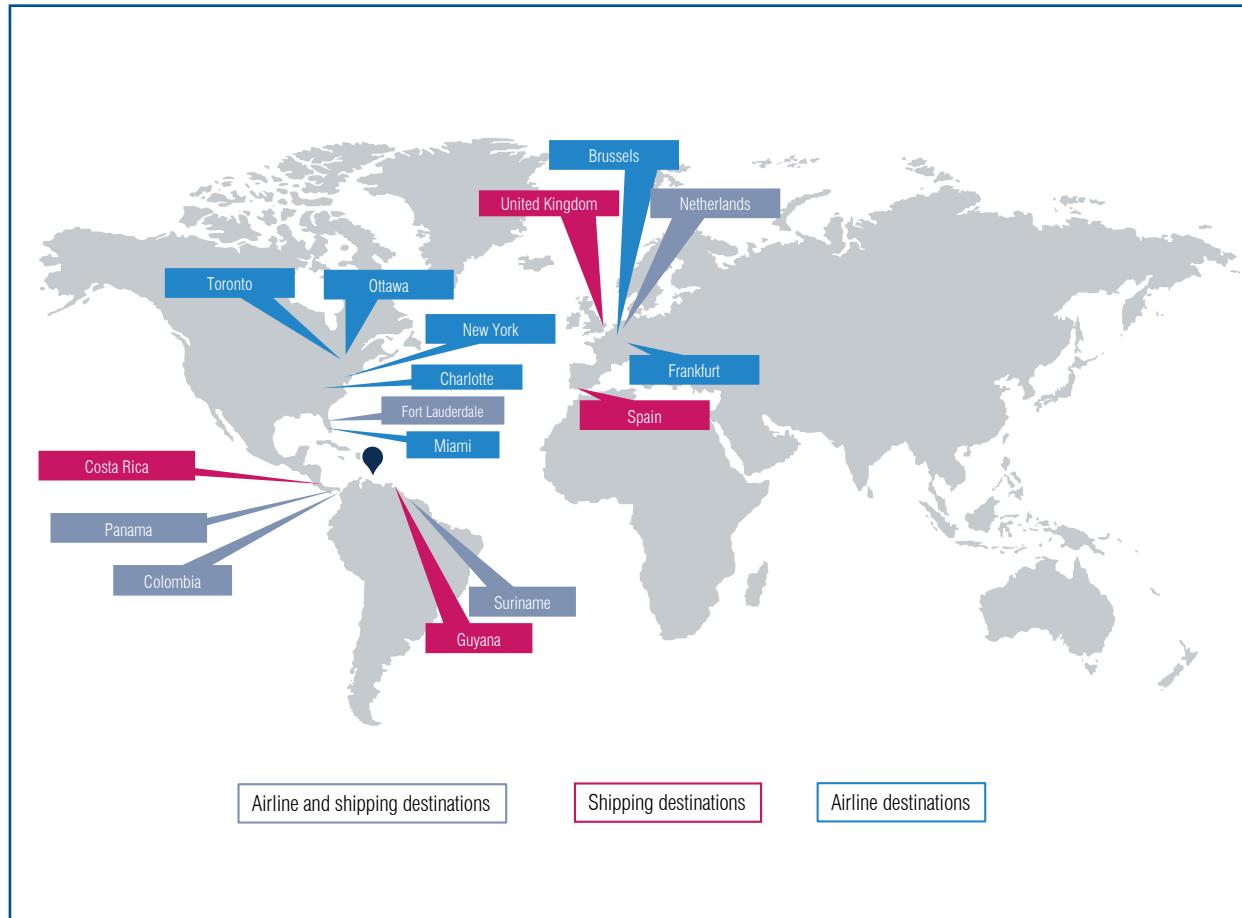
AIR CONNECTIVITY

The island has one of the largest runways in the region, enabling it to serve large passenger and cargo planes. It has 11 air connections within the Caribbean and an additional 12 outside the region (Figure 17 and Figure 18). It has direct links to multiple key hubs such as Frankfurt, Miami and New York. Furthermore, it hosts an airport free zone to facilitate the transhipment of goods. The airport terminal also has cold storage facilities, enabling it to serve as a key stopover point for the transportation of perishable goods.

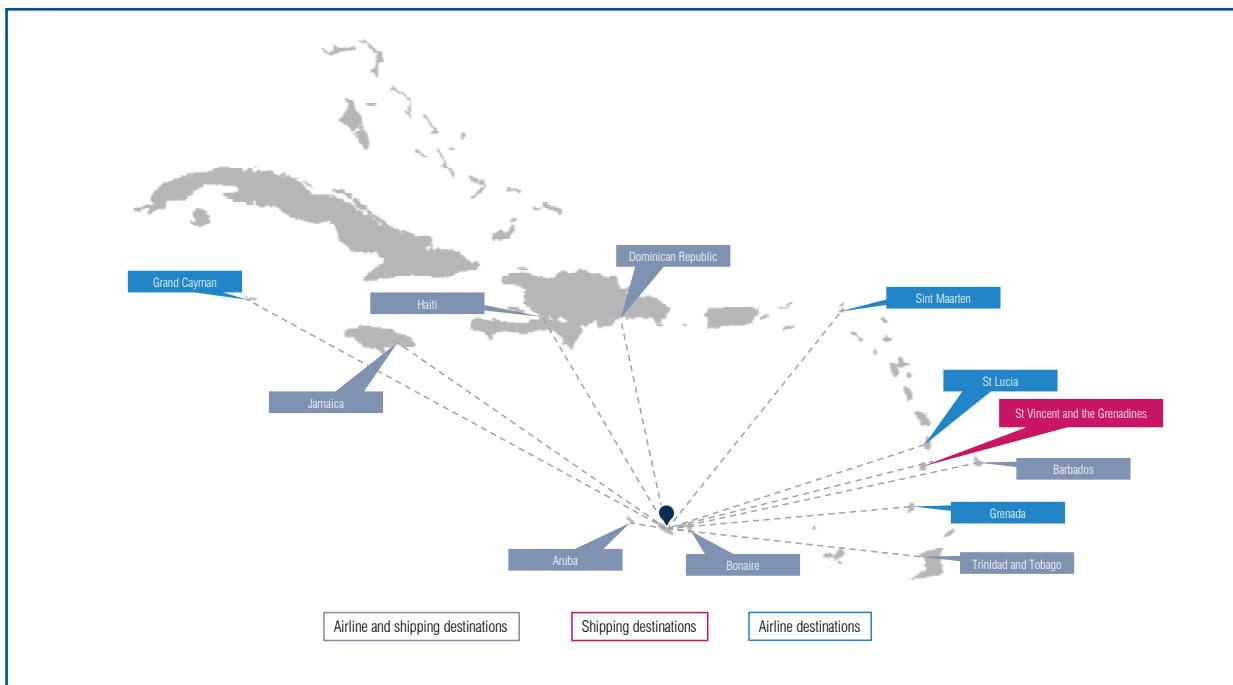


Photo: (CC BY-NC-ND 2.0) Jan-Willem Boot, Curaçao Airport.

Figure 17: Curaçao's global shipping and airline connectivity



Source: ITC.

Figure 18: Curaçao's regional shipping and airline connectivity

Source: ITC.

An aviation strategy started in 2014 made a number of recommendations to upgrade airport facilities and improve the regulatory framework. This strategy has seen a moderate level of implementation. The Tourism Master Plan cited improved air connectivity as a key requirement to expand the tourism industry. In particular, more direct connections to destinations in the United States were recommended. Indeed, there is a lack of direct connections to airport hubs to the central and western parts of the United States.

A thorough review of the country's international air and sea transport network was conducted in 2017 by Stratagem Consultants. The report noted that Curaçao

has lost cargo capacity in recent years due to the increasing availability of direct flights between secondary airports. Furthermore, the small size of the domestic economy reduced the incentive to land on the island. Nevertheless, in 2018, Dalsey Hillblom Lynn (DHL) expanded its services in Curaçao, and now flies an expanded-capacity 737 jet that serves Miami, Curaçao, Panama, Aruba and Santo Domingo. Furthermore, recent economic troubles experienced by Curaçao's neighbour, Venezuela, may provide Curaçao with a short-term boost. Even so, Curaçao faces significant long-term headwinds to expanding air cargo volumes. Stratagem Consultants produced a table of possible air cargo transport opportunities (see Table 5).

Table 5: Air cargo investment opportunities

Opportunity	Likeliness	Potential annual cargo (tons)	Additional full-time employees	Investment (\$ millions)	Expected market interest
Overflow	Medium/high	4 000	12	0	Yes
Milk run	Medium	2 000	6	0	Yes
Foreign trade zone air cargo	Low/medium	8 000	50	0 (land lease) 2.5 (rental)	Yes
Fishery	Low	600	10	0	TBD
E-commerce	Low	Unknown	60	0 (land lease) 5.0 (rental)	TBD
Dalsey Hillblom Lynn (DHL) sub-hub	Low/medium	60 000	80	6.5	Yes

Note: A milk run is a regular multi-destination and multi-customer delivery service.

Source: Stratagem Consultants, 2017.



Photo: © Curaçao Investment and Export Promotion Agency, Curaçao port terminal.

SHIPPING CONNECTIVITY

Curaçao has a rich history as a transhipment hub. This tradition extends to today and, as such, it has direct sea connections to 17 destinations around the world. Curaçao also hosts more than 10 shipping agents, serving clients from around the region. The two main ports are located in Willemstad (Schottegatbaai) and in Bullenbaai.

Data from the Port Authority indicates that cargo movement increased rapidly in 2004–08 to more than 1 million tons, but then declined substantially in the years after. In 2018, cargo movement stood at approximately 830 thousand tons. Furthermore, the number of piloted vessels has fallen from a peak of 3,500 in 2002 to just over 1,800 in 2018. This is partly due to the decline in oil refining, resulting in fewer oil tanks entering and leaving Curaçao's ports. At the time of writing, Curaçao's ports are severely underused. Large fixed costs and relatively little traffic is putting pressure on the Port Authority and the port infrastructure.

DIGITAL CONNECTIVITY

Curaçao is located next to six undersea broadband cables. These links give it direct connections to most Central American and Caribbean countries, plus the United States, Venezuela and Brazil. As a result, Curacao has high internet speeds compared to neighbouring small island states. In addition, Curaçao has a state-of-the-art data centre, enabling it to serve as a hub for hosting websites, cloud services and databases.

Connectivity is essential to exports in small island states. Air connectivity facilitates the growth of services activities and the transhipment of valuable goods. Sea connectivity enables Curaçao to import and export products directly to a wide range of locations. Curaçao also has good digital connectivity, which supports all sectors of the economy. Despite good connectivity, Curaçao will have to align its transportation linkages to the requirements of the NES priority sectors.

Audit of the education system

Education is the process of learning knowledge and skills. Modern economies rely on skilled labour to sustain their high standards of living. A thriving and effective education system is, therefore, essential to promoting sustainable economic growth.

In order to gain an understanding of the skills produced by the island, an audit of the education system was conducted. Curaçao's education system follows the Dutch model, and is split into primary, secondary and tertiary levels. Furthermore, from secondary school onwards, there is a vocational education system that develops technical, care and well-being, and economic sector skills. A more detailed description of how the education system works is presented in Annex IV.

In general, the more developed a country, the greater its need for a wide range of specific skills to support economic development. Therein lies a central challenge facing small island developing States (SIDs) like Curaçao. SIDs who wish to create a diversified high-income economy lack the scale to supply all the skills needed by the domestic economy. However, without a supply of skilled labour, the economy will struggle to grow and support high-value jobs. Many SIDs compensate for this by importing skilled labour or by sending students abroad to acquire the relevant skills.

In Curaçao's case, it is just large enough to sustain several tertiary education institutions and fairly well-developed vocational schools. This gives it the capacity to produce respectable numbers of graduates in a range of disciplines. However, there is widespread agreement that the skills provided by Curaçao's education system are not aligned to the country's needs.¹⁶ Therefore, significant resources are being wasted. Moreover, if Curaçao wishes to develop new sectors, it will have to adapt its curriculum to meet the needs of those sectors.

Unfortunately, the most talented students are leaving the island to pursue higher education opportunities abroad. An average of 400–500 students leave the island annually, mostly under a government grant. Approximately 45% of these students do not return home, leading to brain drain.¹⁷

WHAT SKILLS DOES CURAÇAO'S EDUCATION SYSTEM SUPPORT?

Vocational qualifications have four levels, with the fourth level being the highest level of qualification available. For the technical sector, the most popular courses are electrical engineer (installation and management), information and communications technology (ICT) (employee, manager and administrator) and industrial engineer. For the care and well-being sector, social education and nursing are the most popular courses. For the economic sector, accounting, commercial bank employee, business administration officer, catering and tourist information provider are the most popular courses.

Although Curaçao's vocational education sector offers a wide range of courses, many courses have few or even zero students. Furthermore, recent assessments of the vocational education system report that many of the courses are out of date or suffer from quality issues. Finally, the pass rate ranges from approximately 60%–70%, which is low. These factors make it more difficult to achieve the critical mass of skilled professionals to support existing sectors and grow new ones. For some of Curaçao's priority sectors (e.g. tourism, ICT and port services), vocational education is more important than university education. As such, major adjustments to the vocational education system may be needed.

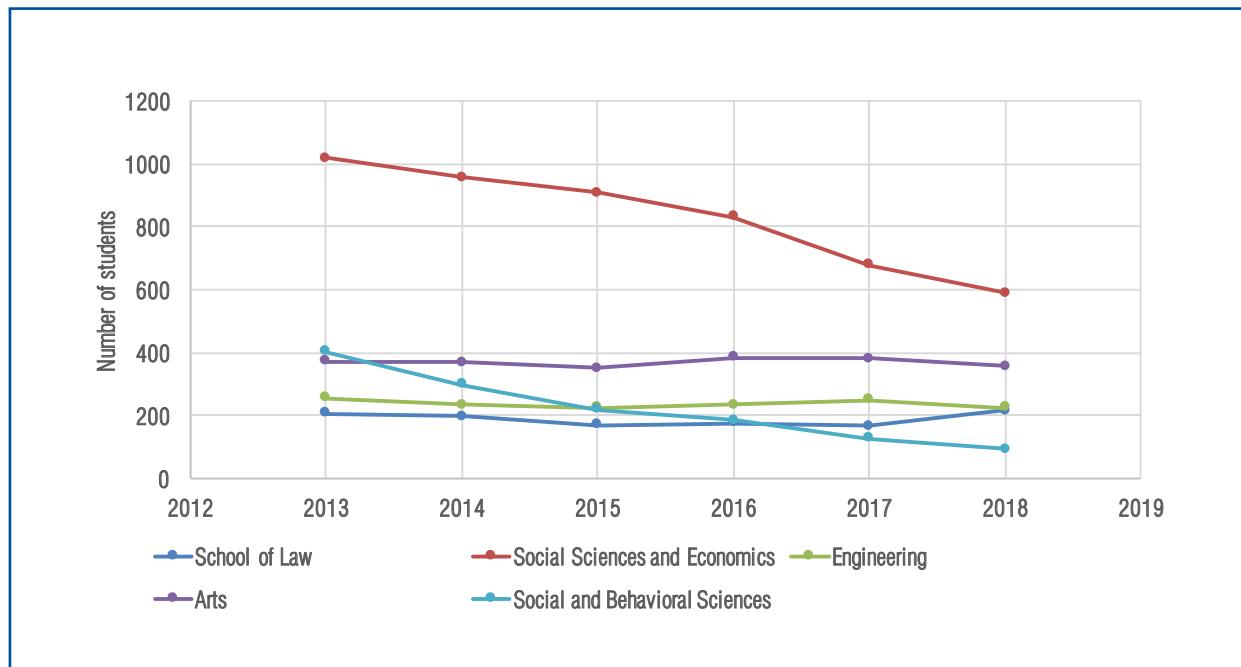
At the university level, the most popular courses are business administration, economics or subjects derived thereof, and social work. Law is also a well-attended course at both the Bachelor and Masters level. Business administration courses have the largest number of students enrolled by far. From discussions with policymakers, it became clear that there is an oversupply of students in business and economics subjects, and not enough in engineering, programming and selected research subjects (e.g. marine biology).

Data from the University of Curaçao (UoC) suggests that the tertiary education system is responding to the oversupply of business and economics degrees. Figure 19 shows the number of students in the different faculties at the UoC in 2013–18. The number of students in the social sciences and economic faculty has declined over the last few years. However, this decline has not been matched by an increase in other faculties (e.g. engineering). Budget pressures on the UoC may help explain these trends.

16.– Curaçao SDG report.

17.– Ministry of Economic Development, "Policy Document for Transnational Education for Curaçao".

Figure 19: Number of students by programme at the University of Curaçao



Source: ITC.

As a small island state with limited natural, human and fiscal resources, Curaçao must use its education infrastructure efficiently. This means not only aligning skills production to current demand, but also to future demand. Education is a costly investment made at the beginning of a person's career and, if the wrong course is selected, professionals may find they no longer have to skills they need to be successful if the economic structure changes.

The provision of education forms a key part of the National Export Strategy. In particular, the education system must adapt and be able to contribute to the building of the country's priority sectors. Without a steady stream of qualified professionals, current sectors will stagnate and new sectors will fail to emerge. Adapting the country's education system will require strong leadership from within the Ministry of Education, and may require existing tertiary education providers to create new courses and scale down others.

Trade transaction audit

International trade transactions can be more burdensome than domestic transactions. When firms trade, permits, licences, certificates of origin, inspections, Customs declarations and other formalities add to the time and cost of selling to foreign clients.¹⁸ Furthermore, firms face additional burdens related to large distances, payment systems, language barriers, different legal norms and business cultures.¹⁹ These extra costs and difficulties can dissuade firms, especially SMEs, from engaging in international trade.

THE STEPS INVOLVED IN A TRADE TRANSACTION

Exporting firms follow a series of steps in order to successfully execute an export order. The initial steps involve getting an export order from a buyer, confirming the order, procuring the inputs and then manufacturing the goods. If the required inputs are not sold in the domestic economy or are too expensive, the exporting firm may import the goods. Thus, smooth import procedures can help facilitate exports.

18.– David Noah (7 December 2016). Why Does Exporting Have to Be So Hard? Shipping Solutions. Retrieved from <https://www.shippingsolutions.com/blog/why-does-exporting-have-to-be-so-hard>.

19.– Amira Daoui (15 February 2018). Difficulties Faced by Exporters in International Trade. WaystoCap website. Retrieved from <https://www.waystocap.com/blog/difficulties-faced-by-exporters-in-international-trade/>; Hosbeg website. Differences between Domestic Trade and International Trade. Retrieved from <https://hosbeg.com/differences-domestic-trade-international-trade/>.

In the case of goods, once they have been manufactured, Customs can conduct pre-shipment inspections (usually on site at the factory floor). If the goods pass inspection, they will be fast-tracked through Customs. If goods are not inspected before arriving at port, Customs may inspect them. All goods crossing borders need to be cleared by Customs. Customs will check that the goods conform to relevant rules and regulations, and ensure that what is written on the Customs declaration form is accurate.

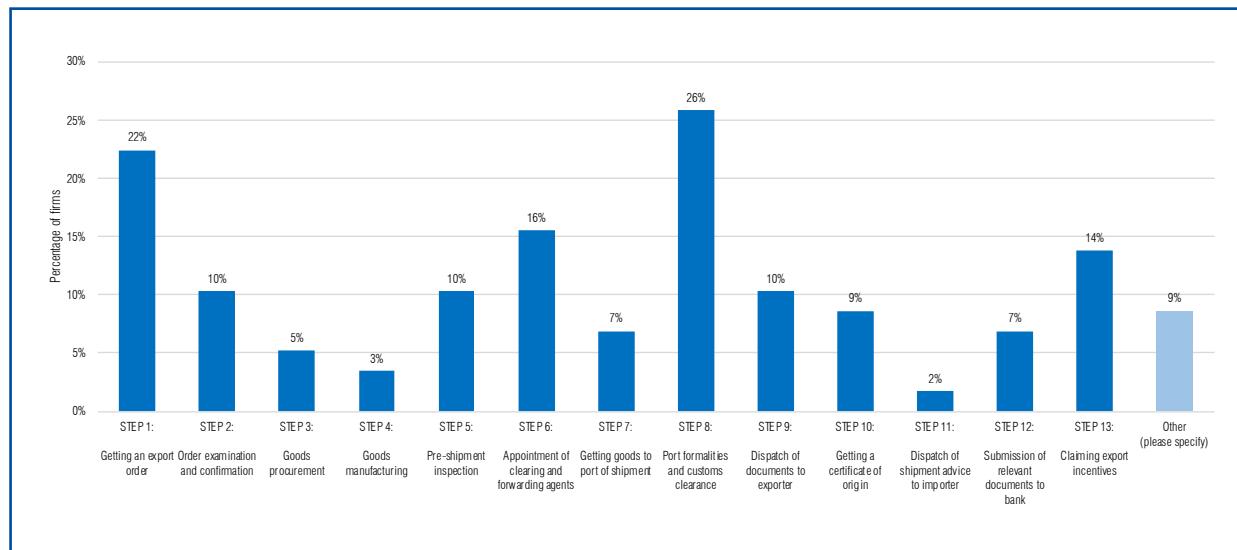
To enter destination countries, goods often require certificates of origin. This helps Customs determine what duties to apply, if any. Then, Customs usually dispatches a shipment advice to relevant parties. Depending on the form of trade financing being used, firms may submit documents from different steps of the export process in order to receive or execute payments. In addition, exporters may claim export incentives such as duty drawbacks.²⁰

COMPLETING A TRADE TRANSACTION IN CURAÇAO

Curaçao's firms confront a series of challenges trying to fulfil their export orders. Figure 20 presents the percentage of surveyed firms that encounter challenges in the 13 steps involved in the exporting process. Difficulties start at the beginning of the process, with more than one-fifth of Curaçao's firms finding it hard to secure export orders. Relatively few firms have problems examining and confirming export orders, and the process of procuring goods does not seem to be a major issue either.

The results change once goods get to port. Approximately one-quarter of exporters face challenges related to port formalities and Customs clearance. Addressing this particular step is important, as many of the costs and delays associated with exporting occur at this stage. Once port formalities have ended, fewer exporters report problems with steps such as getting relevant documents from Customs.

Figure 20: Challenges along the exporting process



Source: ITC.

Executing an international trade transaction efficiently requires all steps of the process to work seamlessly. One problem or bottleneck can hold up the entire transaction, resulting in increased costs and lower competitiveness.

Approximately 90% of exporters surveyed reported facing at least one challenge during the export process, showing there is ample room for improvements in

Curaçao. Often, firms face problems due to a lack of institutional coordination. Customs fails to coordinate with the port authorities, or government ministries fail to issue the relevant licences or permits necessary for Customs to release goods. Better institutional coordination can help speed up the export process and lower costs.

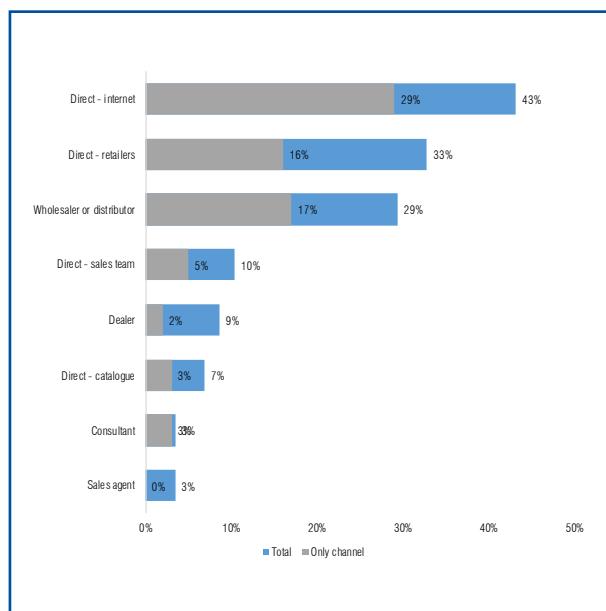
20.– For some examples of guidelines for exporting process, see: Trade Commissioner Service website. Step-by-Step Guide to Exporting. Retrieved from <https://www.tradecommissioner.gc.ca/guides/exporter-exportateurs/exporting-guide-exportation.aspx?lang=eng>; Shipping Solutions website. Export Procedures and Documentation: An In-Depth Guide. Retrieved from <https://www.shippingsolutions.com/export-procedures-and-documentation-download?hsCtaTracking=f98f2df1-3a01-4129-8e6c-a0f3740a5ace%7Ccff8ffba-ee8a-49ca-af34-1f1fb08fa609>.

DISTRIBUTION CHANNELS

Exporters use a variety of distribution channels to sell their products to foreign customers. These include direct and indirect channels. Direct channels involve the exporter selling directly to the end customer. Indirect channels use one or more intermediaries. Indirect channels make it easier for some companies, for example SMEs, to engage in international markets by lowering the responsibility and risks associated with selling abroad. However, as a result, these firms are not able to charge higher markups.

Figure 21 presents results of the distribution channels that exporting firms in Curaçao use to sell their goods and services abroad. Nearly half of exporters sell via the internet and 29% of exporters sell only via the internet. Retailers and wholesalers or distributors are also widely used. Sales teams, dealers, catalogues, consultants and sales agents are less preferred choices, with less than 10% of firms using them.

Figure 21: Distribution channels used by exporters



Source: ITC.

EXPORT SUPPORT

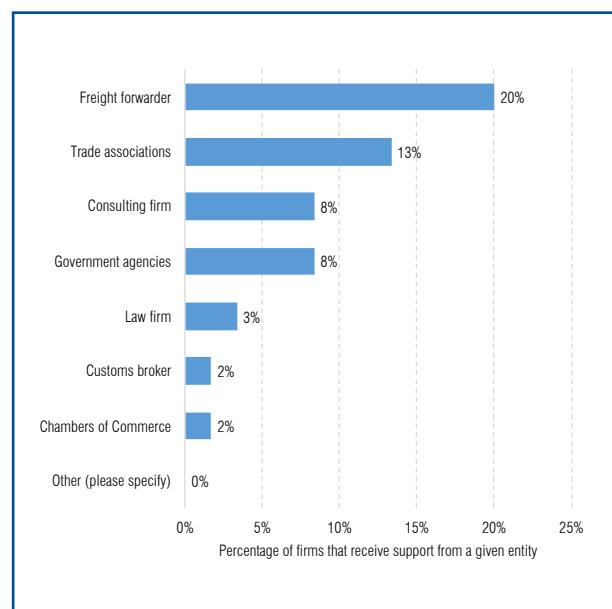
The challenging nature of exporting means that some seek support from specialized entities. These entities include freight forwarders, trade associations, business councils, government agencies and even financial institutions. Firms hire these entities to assist them with the export process by, for instance, submitting paperwork on their behalf.



Photo: (CC BY-SA 2.0) Roger W. Willemstad - Queen Juliana Bridge.

In Curaçao, exporting firms seek support from a range of public and private entities. Figure 22 lists entities that assist surveyed firms to overcome export-related challenges. Approximately 20% of exporters use freight forwarders, while 13% receive assistance from trade associations. However, the majority of exporters do not use any company or institution to help them to export.

Figure 22: Entities supporting exporters



Source: ITC.

With almost 9 out of 10 surveyed firms facing at least one challenge in the exporting process, government agencies and trade support entities have ample room to better support Curaçao's exporting firms. Customs clearance and port formalities were cited as particularly serious bottlenecks. Better institutional coordination and improving institutional capacities are essential.



Photo: Curaçao Investment and Export Promotion Agency, Central Bank of Curaçao and St. Maarten.

National competitiveness constraints

Overview of competitiveness constraints

This chapter presents the main constraints affecting the supply side, business environment, market entry and development aspects of export competitiveness. When considered in conjunction with the constraints presented in the macroeconomic diagnostic and trade performance chapters, these constraints provide a holistic overview of the key challenges facing Curaçao. The four gears analysis delivers a compelling and well-rounded perspective of the constraints that affect the export value chain in Curaçao. Below is a summary of the main competitiveness constraints facing Curaçao.

Supply-side issues:

- » Lack of productive capacity;
- » Lack of clustering and inter-industry linkages;
- » Declining labour productivity;
- » Skills mismatches and brain drain;
- » Low levels of foreign investment;
- » Limited awareness and interest regarding intellectual property;
- » Insufficient interest in exporting;
- » Access to finance challenges.

Business environment issues:

- » Political discontinuity and changing priorities;

- » High cost of electricity and water;
- » Lack of institutional capacity and coordination;
- » Lack of entrepreneurship and SME development support;
- » Little implementation of policies and strategies;
- » Inefficient and unpredictable trade facilitation;
- » Cumbersome licensing and registration processes;
- » Improved sea and air connectivity needed.

Market entry issues:

- » Limited market access;
- » Lack of access to trade finance;
- » E-commerce bottlenecks;
- » Insufficient trade information and market intelligence;
- » Inadequate trade and investment promotion;
- » Incomplete national quality infrastructure;
- » Insufficient brand promotion and recognition.

Development issues:

- » Significant parts of the population vulnerable to poverty;
- » High unemployment rates;
- » High risks associated with climate change;
- » Inadequate waste management measures;
- » Immigration pressures;
- » Migration.

In September 2019, ITC conducted the 1st stakeholder consultation with the support of the Ministry of Economic Development. The consultation served as a platform for more than 130 public and private stakeholders to discuss the challenges related to the performance of Curaçao's export sector. An assessment of

the full extent of constraints impending export competitiveness must cover supply-side issues, business environment issues, market entry issues and development issues. The competitiveness constraints highlighted below were ascertained from the views and opinions of participants.

Supply-side issues

Supply-side issues refer to a country's production capacity, and include production diversification, technological adoption and value-addition challenges in areas such as availability of appropriate skills.

LACK OF PRODUCTION CAPACITY

Curaçao faces challenges scaling up its productive capacity. Curaçao has few natural resources and a small domestic economy, which makes it difficult to produce large volumes of goods. This results in an inability of enterprises to meet international orders. Investments in more efficient equipment, combined with upgraded management skills, would enable enterprises on the island to increase output.

Severity:

LACK OF CLUSTERING AND INTER-INDUSTRY LINKAGES

Curaçao is a small island economy dependent on a few large sectors. This makes Curaçao particularly vulnerable to external shocks (e.g. the drop in demand from Venezuela). The lack of resilience within the economy is exacerbated by the lack of inter-industry linkages. Linkages enable sectors to build economies of scale, to benefit from positive spillovers, and to undertake joint research and development (R&D) and international marketing efforts.

Severity:

DECLINING LABOUR PRODUCTIVITY

Labour productivity growth has been negative in Curaçao for more than a decade.²¹ This decline is mainly due to the falling contribution of high-productivity sectors to GDP. Low productivity is compounded by a relatively high minimum wage. This creates challenges for businesses if the wages paid are not closely tied to the productivity of the workforce.²²

Severity:

SKILLS MISMATCHES AND BRAIN DRAIN

There is a mismatch between the skills being produced on the island and the skills businesses are asking for.²³ At the secondary level of education, the dropout rate is high (33%), especially for boys (38%). This results in a substantial number of unskilled workers, who either drop out of the labour force or get low-skilled and low-paid jobs.

Curaçao has a good vocational education base, but it suffers from a number of issues. Many of the courses on offer are out of date, have few students and have high dropout rates. Furthermore, the choice of courses is not well aligned to the country's future sources of growth. At the tertiary level of education, the island has produced too many business management graduates for many years. Although the number of business management graduates has declined, the number of graduates in technical disciplines, such as engineering and programming, has not increased. A further issue is brain drain, where capable and qualified labour with unsuitable degrees is leaving the island due to a lack of opportunities.²⁴

Severity:

LOW LEVELS OF FOREIGN INVESTMENT

Foreign direct investment has room to grow in Curaçao, especially compared to other countries in the region. In 2017, FDI accounted for 5.5% of GDP, compared to 6% in Aruba, 6.1% in Barbados and 7.2% in St Lucia. Stimulating more FDI is critical to increasing the productive capacity of the economy, and formed a key recommendation of the Growth Strategy.²⁵

Even though FDI has room to grow, Curaçao has an attractive regulatory environment for investors. As Curaçao is part of the Netherlands, the investment protection treaties concluded by the Netherlands apply to Curaçao. Curaçao also complies with the anti-money laundering and anti-terrorist financing guidelines of the Group of Twenty's (G20's) Financial Action Task Force (FATF).

Severity:

21.– Dare, "Measuring Labor Productivity in Curaçao"; International Monetary Fund, "Kingdom of The Netherlands – Curaçao and Sint Maarten 2018 Article IV Consultation Discussions – Press Release and Staff Report".

22.– TAC Applied Economic and Financial Research, "Strategies for Sustainable Long Term Economic Development for Curaçao".

23.– Government of Curaçao and United Nations Development Programme (UNDP), "Building on Strengths: National Development Plan Curaçao 2015– 2030"; Ministry of Economic Development, Policy Department, and Caribbean OCTs SME (COSME) Programme, "Entrepreneurship and SME Policy for Curaçao"; UNDP, "A Roadmap for SDG Implementation in Curaçao".

24.– Ministry of Economic Development, "Policy Document for Transnational Education for Curaçao"; Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015– 2030".

25.– Werkgroep Groeistrategie, "Growth Strategy".

LIMITED AWARENESS AND INTEREST REGARDING INTELLECTUAL PROPERTY

A review of intellectual property (IP) systems in Caribbean OCTs found that Curaçaoan SMEs have a limited awareness regarding the importance of IP.²⁶ Furthermore, there is a lack of information specifically directed to SMEs. The problem is compounded by a lack of interest in IP among enterprises. The Bureau for Intellectual Property (BIP) is trying to increase interest and awareness through walk-in consultations for entrepreneurs, talks and seminars, as well as engaging with schools.

Little statistical data related to the use of IP is publicly available. This makes it challenging to monitor the state of IP use in Curaçao and limits research into the topic. Furthermore, there is some qualitative evidence that suggests SMEs find the cost of registering IP and enforcing IP infringements too high.

Severity:

INSUFFICIENT INTEREST IN EXPORTING

There is a lack of awareness within parts of the government and institutions, but especially enterprises and the local populace, of the importance of exports. Furthermore, there is a lack of understanding within the country as to what constitutes an export. Moreover, enterprises themselves do not understand the types of support they need to become successful in international markets.

The Ministry of Economic Development is trying to change perceptions by hosting the annual National Export Awareness Week. This involves inviting enterprises to learn more about exporting and what support packages are on offer. However, further engagement is needed. Institutions have an important role to play to encourage enterprises to export, and the media should increase awareness among citizens.

Severity:

ACCESS TO FINANCE CHALLENGES

Access to finance was one the seven key dimensions of the 2018 Entrepreneurship and SME Policy.²⁷ It found that the domestic banking sector is overly cautious and risk averse and, as a result, does not lend enough to enterprises. On the other hand, banks criticize SMEs for not being ready to meet loan requirements, and suggest that more support should be provided to assist small businesses to prepare their applications. Loans to SMEs are mostly disbursed by Korpodeko, Ontwikkelingsbank van de Nederlandse Antillen N.V. (OBNA) and the CDI. From discussions with the CDI, there seems to be a lack of microfinancing facilities and credit guarantee schemes to lower the cost of capital. Financial literacy among SMEs is also a problem.

Severity:

Business environment issues

Business environment constraints are those that influence transaction costs, such as the regulatory environment, administrative procedures, infrastructure bottlenecks, certification costs, internet access and the cost of support services.

POLITICAL INSTABILITY AND CHANGING PRIORITIES

Since independence, Curaçao has seen multiple governments. The high rate of change has led to a lack of

implementation of existing plans and strategies. There is a tendency to start new initiatives rather than build on continuity. This has created a high degree of uncertainty within the private sector and has suppressed investment and reform efforts. There is need for stable governance, better planning and the adoption of a clear vision around which the implementation of various plans and policies can be prioritized. Moreover, the separation of institutions from the political scene is critical to ensuring smooth continuity in the business landscape.

Severity:

26.– Anderson, Bertrand, and Tore, "Project to Design a Strategy for the Registration and Use of Intellectual Property Rights as a Competitiveness Tool for Small and Medium Enterprises in the Caribbean OCTs".

27.– Ministry of Economic Development, Policy Department, and Caribbean OCTs SME (COSME) Programme, "Entrepreneurship and SME Policy for Curaçao".

HIGH COST OF ELECTRICITY AND WATER

Utilities such as water and electricity are essential services that play a vital role in economic development. Participants in the 1st stakeholder consultation noted that Curaçao has high electricity and water costs. This constrains the ability of certain manufacturers to compete effectively. For example, the tariffs for water in Curaçao are almost twice that of Aruba or the Bahamas, and electricity costs are nearly 50% higher compared to Trinidad and Tobago, the Republic of Honduras and the Dominican Republic.^{28, 29, 30} In 2018, Curaçao introduced a National Energy Policy to improve the provision of electricity and water services. Thus far, the strategy has only seen limited implementation.

Severity:

LACK OF INSTITUTIONAL CAPACITY AND COORDINATION

In May 2019, the NES team conducted a series of bilateral meetings with most of the business support organizations in Curaçao. From discussions with senior representatives of these bodies, it is clear that there is a general lack of capacity and coordination within many key institutions. A lack of capacity is understandable given Curaçao's small size, but the lack of coordination is untenable. No mechanism or forum exists that facilitates the exchange of information among institutions, let alone aids with coordination. Service provision by institutions also lacks continuity, partly due to insecure funding and sometimes a lack of use by private enterprise.

Severity:

LACK OF ENTREPRENEURSHIP AND SME DEVELOPMENT SUPPORT

Key stakeholders in Curaçao recognize the need to support entrepreneurship and SME development. Under the COSME programme, an Entrepreneurship and SME Policy for Curaçao was drafted.³¹ It recommended the establishment of a small business development centre (SBDC) to regroup all the relevant services entrepreneurs need in order to make it easier for them to start a business. Thus far, little progress has been made on

this front. Some institutions, like CITI, are active in this area. However, budgets are limited and the lack of a well-thought-out pipeline of services means that success at one stage (e.g. start-up) may fail at the next (e.g. growth). What is missing in Curaçao is a comprehensive pipeline of services that entrepreneurs and SME managers can rely on to help their business grow.

Severity:

LITTLE IMPLEMENTATION OF POLICIES AND STRATEGIES

Curaçao has already developed a large number of plans, policies and strategies. However, in most cases, implementation has either failed altogether or only been partially successful. During the 1st stakeholder consultation, participants expressed strong frustrations at the lack of implementation. As a result of past failures, the motivation of stakeholders to participate in strategy design processes is limited. The lack of implementation is partly due to a lack of leadership, and the absence of a co-ordinating body whose primary function is to ensure implementation (e.g. a national export council).

Severity:

INEFFICIENT AND UNPREDICTABLE TRADE FACILITATION

Having sound trade facilitation and logistics infrastructure is critical to strengthen the connectivity between Curaçao and the rest of the world. Curaçao faces challenges around informal processes, and inadequate regulations and laws for trade procedures. During the NES team's bilateral meeting with Customs, officials noted the following institutional challenges:

- Low levels of morale due to a lack of career development opportunities and a freeze on wages;
- Data collection activities are not conducted properly or at all;
- There is a lack of trained auditors;
- Both container scanners are not working, meaning that officials do not always know what is entering or leaving Curaçao;
- There is ample evidence that businesses under-report goods in their declarations, leading to revenue losses for the government.

28.– Aqualelectra website. Water rates. Retrieved from: <https://www.aqualelectra.com>.

29.– National Renewable Energy Laboratory, "Energy Snapshot: Curacao".

30.– Global Petrol Prices website. Electricity prices for businesses, 2019.

Retrieved from: https://www.globalpetrolprices.com/Aruba/electricity_prices/.

31.– Ministry of Economic Development, Policy Department, and Caribbean OCTs SME (COSME) Programme, "Entrepreneurship and SME Policy for Curaçao".

Together, these issues point to a dysfunctional trade facilitation environment. Enterprises are aware of the situation and, according to the Exporter and Investment Survey, cite high fees and charges, insufficient information and low responsiveness of officials as key trade facilitation challenges.

Severity:

CUMBERSOME LICENSING AND REGISTRATION PROCESSES

Stakeholders across the country report that doing business in Curaçao is challenging. The implementation of strict licensing requirements for local manufacturers and business owners, excessive red tape, inefficient governance, antiquated regulations and infrastructure bottlenecks are among the key impediments highlighted by the private sector.

Although there is no formal data for Curaçao enabling a regional benchmarking, stakeholders reported an uneven experience in terms of obtaining permits, with some permits arriving quickly and others taking a few months. However, Curaçao's relationship with the Netherlands complicates some of these procedures, particularly related to visas.

Market entry issues

Market entry constraints define issues that hinder the ability of SMEs to access, penetrate and diversify markets. It includes issues such as market intelligence, promotion and branding.

LIMITED MARKET ACCESS

Curaçao's market access is hampered by its lack of trade agreements with its closest neighbours. It lacks preferential trading arrangements with geographically close countries, such as the Republic of Colombia, the Republic of Peru, the Republic of Ecuador, Brazil, the Republic of Chile and the United Mexican States (Mexico), whose most-favoured nation (MFN) tariffs can be high. For example, 5% in the case of Colombia and 12% in the case of Brazil.³³ In surveys of exporting companies, some complained that Caribbean Community (CARICOM) exporters pay lower tariffs to enter Curaçao's market compared to the tariffs Curaçao must pay to enter theirs.

The government has put in place a task force with the objective of creating a one-stop shop to eliminate the need for the applicants to visit several ministries multiple times.³²

Severity:

■ Improved sea and air connectivity needed

Curaçao is well connected, but increased connectivity will be needed to support future growth. Curaçao has direct flight connections to key destinations in Europe, North America and South America. In addition, it also has a number of direct sea connections to large shipping hubs. However, there are some notable gaps. Furthermore, the frequency of flights is sometimes insufficient to support business links with important destinations. For instance, at the time of writing, no connections exist to the central or western parts of the United States. In addition, there is a lack of a regular seagoing cargo service to neighbouring countries. Companies reported long shipping times to other Caribbean islands as a key challenge to increasing exports. Without stronger sea and air connectivity, it will be more challenging to grow tourism, business services and manufacturing.

Severity:

Nevertheless, the country benefits from a number of unilateral trading schemes, such as the EU's Overseas Countries and Territories, which grants duty-free and quota-free market access to European markets. Curaçao also enjoys preferential market access to the United States, through the Caribbean Basin Initiative Trade Partnership Act (CBITPA), which grants the country a limited preferential market access rate of 3.8%, in comparison to the 4% applied at the most-favoured nation rate.

However, the CBITPA is scheduled to expire in September 2020, possibly affecting the country's exports. Curaçao has also applied for associate membership to CARICOM, although it remains unclear how access for goods and services would change under such an associate arrangement. Curaçao is also pursuing independent membership of the World Trade Organization (WTO).

Severity:

32.– Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015–2030".

33.– A trade agreement between Curaçao and Colombia is currently being negotiated.

LACK OF ACCESS TO EXPORT FINANCE

Access to export finance has room to improve. According to the Exporter and Investment Survey, approximately 20% of exporters or firms interested in exporting would like to see access to trade finance improve. Increased availability of and access to schemes such as export credit insurance and finance guarantees can encourage more enterprises to venture into exports.

Severity:

E-COMMERCE

E-commerce is an important channel through which Curaçao could increase exports. However, according to the E-commerce Masterplan commissioned by the CITI, limited e-payment solutions, high transfer fees and banks unwilling to cooperate are inhibiting growth.

Severity:

INSUFFICIENT TRADE INFORMATION

The limited availability of market intelligence tools and services in Curaçao is a major constraint for businesses, impeding their ability to explore existing and potential markets. Very little information is available on issues such as market requirements, distribution channels, tariffs and non-tariff measures, among others. Furthermore, businesses struggle to identify the best sources of internationally available trade information. This lack of knowledge of foreign markets leads to a poor understanding of customers, and keeps enterprises and products from improving.

Severity:

INADEQUATE TRADE AND INVESTMENT PROMOTION

Curaçao's trade and investment promotion environment is weak. The Curaçao Investment and Promotion Agency (CINEX) is mostly focused on supporting investment, but is not strongly engaged with promoting exports. CINEX does not have a database of exporters or firms seeking investment, does not maintain a database of potential buyers in key target markets, and provides little in-market support. Furthermore, the agency has limited reach, with many aspiring exporters unaware of the agency's existence.

Severity:

INCOMPLETE NATIONAL QUALITY INFRASTRUCTURE

Exporters are finding it difficult to enter North American and EU markets with their products due to the stringent safety requirements imposed by those markets. For example, since the early 2000s, the United States and EU have stipulated that foods entering their markets must have Hazard Analysis and Critical Control Point (HACCP) certification. In 2011, the United States passed the Food Safety Modernization Act (FSMA) into law. The FSMA has increased the number of requirements for exporters wishing to sell to the US market. Local exporters have limited access to this information and, hence, are not able to penetrate newer markets. Furthermore, the lack of access to cheap testing facilities increases costs. On packaging, voluntary standards, such as those set by the International Organization for Standardization (ISO) and the British Retail Consortium (BRC), are increasingly basic requirements for accessing EU markets. Yet, little information or support is available to enterprises seeking to meet these standards. Curaçao's National Quality Policy, adopted in 2018, focuses on improving quality infrastructure in Curaçao. However, implementation of the policy has been delayed so far due to resource constraints.

Severity:

INSUFFICIENT BRAND PROMOTION AND RECOGNITION

Curaçao is a little-known destination outside its own region, the Netherlands and the parts of North America with a large diaspora community. To compete internationally, Curaçao needs to build on its image of being a reliable trade and investment partner. In 2016, Curaçao.com was established as the centre point for all inquiries about vacation and experiences in Curaçao. It integrates social and content marketing with other marketing activities to achieve higher brand awareness, and also increase and expand digital marketing programmes to improve online media influence.

Severity:

Development issues

Social constraints include issues related to poverty reduction, gender equity, youth development, environmental sustainability and regional integration.

SIGNIFICANT PARTS OF THE POPULATION VULNERABLE TO POVERTY

According to the international standards set by the World Bank and based on the Labour Force Survey 2017, 4.7% of the population was identified as poor (living on less than \$5 a day, or \$152.10 per month).³⁴ Approximately 2.7% live on \$3.10–\$5 per day (moderate poor), 1% live on \$1.9–\$3.1 a day (extreme poor) and 1% live on less than \$1.90 a day (destitute or ultra-poor). A further 17.6% can be classed as vulnerable (those with per capita income of \$5–\$12.40 per day, or \$152.10–\$377.20 per month) by Latin American and Caribbean (LAC) standards. Most of Curaçao's population, however, can be classified as middle class.

Severity:

HIGH UNEMPLOYMENT RATES

Unemployment rates in Curaçao are high. As of March 2019, the unemployment was 21.2%. Youth unemployment rates are higher, and totalled 29.3% in 2018.³⁵ According to Statistics Netherlands, the lower educated had a higher risk of unemployment. Almost one-third of the population with low levels of education are in work, versus 51% and 73% of those with an intermediate and high level of education. Thus, improving educational attainment is key to reducing unemployment levels. Women also leave the labour force early. Although this does not increase the unemployment rate, it does suppress the labour force participation rate, and thus tax revenues associated with gainful employment.

Severity:

HIGH RISKS ASSOCIATED WITH CLIMATE CHANGE

Curaçao is vulnerable to damaging natural disasters. A hazard analysis from 2011 shows that the primary hazards are flash flooding generated by tropical storms, due to both heavy rainfall and breaching of dams, and other risks connected to severe thunderstorms. Other hazards like drought and marine hazards such as storm surge and tsunamis are also possible.³⁶ Both mitigation and adaptation options will require significant and sustained investments of resources. National efforts to address climate change and to adapt have been limited. The Meteorological Department Curaçao continues to observe, analyse and archive Curaçao's weather data and provide scientific climatological information. However, not enough is being done to get the island ready for a hotter and drier climate. Challenges remain concerning the availability of technical, financial and physical resources to implement measures to mitigate the effects of climate change.

Severity:

INADEQUATE WASTE MANAGEMENT MEASURES

Waste management is an ongoing problem for Curaçao. Unsafe discharge of household and commercial waste threatens groundwater reserves and marine life.³⁷ A long-term continuous waste management plan needs to be developed. Hazardous and chemical waste is not yet legally defined or regulated in the country, which is critical for carrying out sustainable measures. During the 1st stakeholder consultation, participants expressed strong support for selecting sectors that were environmentally sustainable.

Over the past years, substantial progress has been made regarding the proper collection and transportation of waste; however, reduction of waste destined for final disposal and adequate final disposal itself have lagged behind.

Severity:

34.– UNDP, "A Roadmap for SDG Implementation in Curaçao".

35.– Central Bureau of Statistics Curaçao website. Labour Tables 2019. Retrieved from https://www.cbs.cw/website/labour_3361/item/labour-tables-2019_2726.html.

36.– Government of Curaçao and Ministry of Health, Environment and Nature, "National Report of Curaçao For The Third International Conference On Small Island Developing States".

37.– UNDP, "A Roadmap for SDG Implementation in Curaçao".

IMMIGRATION PRESSURES

In the past several years, more than 4.8 million people have left Venezuela as migrants or asylum seekers.³⁸ Due to their geographical proximity, five countries in the Caribbean region (Aruba, Curaçao, the Dominican Republic, the Republic of Guyana, and Trinidad and Tobago) have been hosting growing numbers of refugees and migrants from Venezuela. Considering the small size or limited absorption capacity of the concerned countries, the increasing number of refugees and migrants from Venezuela has had a large impact on these countries.

Although no official estimates exist, the Red Cross in Curaçao estimates that approximately 6,000–16,000 Venezuelans are staying on the island and that, by the end of 2020, this number could even rise to 21,000.³⁹ Hosting such a large number of refugees and migrants implies significant economic and social challenges for Curaçao. Curaçao has been cooperating with the Dutch Government and other international organizations to handle issues relating to the Venezuelan migrant crisis, including the reconstruction of the immigration detention centre and provision of health care services.

Severity:

38.– UNHCR, “Refugees and Migrants from Venezuela”.

39.– “Curaçao Will Not Adjust Venezuelan Migrants’ Policy”.



Photo: (CC BY-NC 2.0) J. Stephen Conn, Floating Market, Willemstad, Curaçao.

MIGRATION

An increasing number of citizens are leaving the island. High unemployment rates combined with little to no growth over the last decade has resulted in the country's population declining for the first time in 2018 and 2019. Many of the people leaving are wealthier individuals or skilled professionals. Furthermore, they are also young. This presents a number of challenges for Curaçao, including a worsening dependency ratio, an ageing population and lower tax revenues.

Severity:



Photo: CTB_2019_Visuals_Curaçao, Caña Bar & Kitchen.

Strategic orientation

Vision

The preceding sections reveal a number of elements that are fundamental considerations in elaborating on a future orientation for Curaçao's economic and trade development. Broadly:

1. Export development is a relatively new phenomenon in the policy space and has hitherto largely been left to evolve on its own.
2. Trade and investment support institutions are small, uncoordinated and relatively unsophisticated.
3. Supply capacities are limited in diversity and volume.
4. There is a low export culture among enterprises.

Overall, Curaçao is not geared towards creating and maintaining a successful business regime that can cope with rapidly changing international market conditions.

A relevant national export strategy that leads to desired results must inevitably start with addressing these foundational constraints. All stakeholders – policymakers, trade support institutions and enterprises – must join forces and strive towards creating conditions for business to succeed.

In light of the above, the following statement serves as a rallying call to unite all stakeholders around a common vision. It embodies, in a simple, direct and memorable manner, an ambition to transform the economy into one that is driven by entrepreneurship, efficiency, cost-effectiveness, quality and innovation. It is aimed at local businesses and foreign investors alike, positioning Curaçao as a hub for successful business ventures.

Curaçao – where business succeeds

The emphasis on "business success" came out of discussions with participants, many of whom complained about the difficulty and costs of doing business in Curaçao. Harnessing these sentiments into a powerful and positive rallying call ensures that the vision statement is relevant, unique and ambitious.

The vision simultaneously communicates a positive image of Curaçao today, and also serves as a clarion call for constant self-improvement. It is client-oriented, because, in order for business to succeed, a conducive business environment is necessary. It is also inclusive, co-opting policymakers, institutions and business, both domestic and foreign.

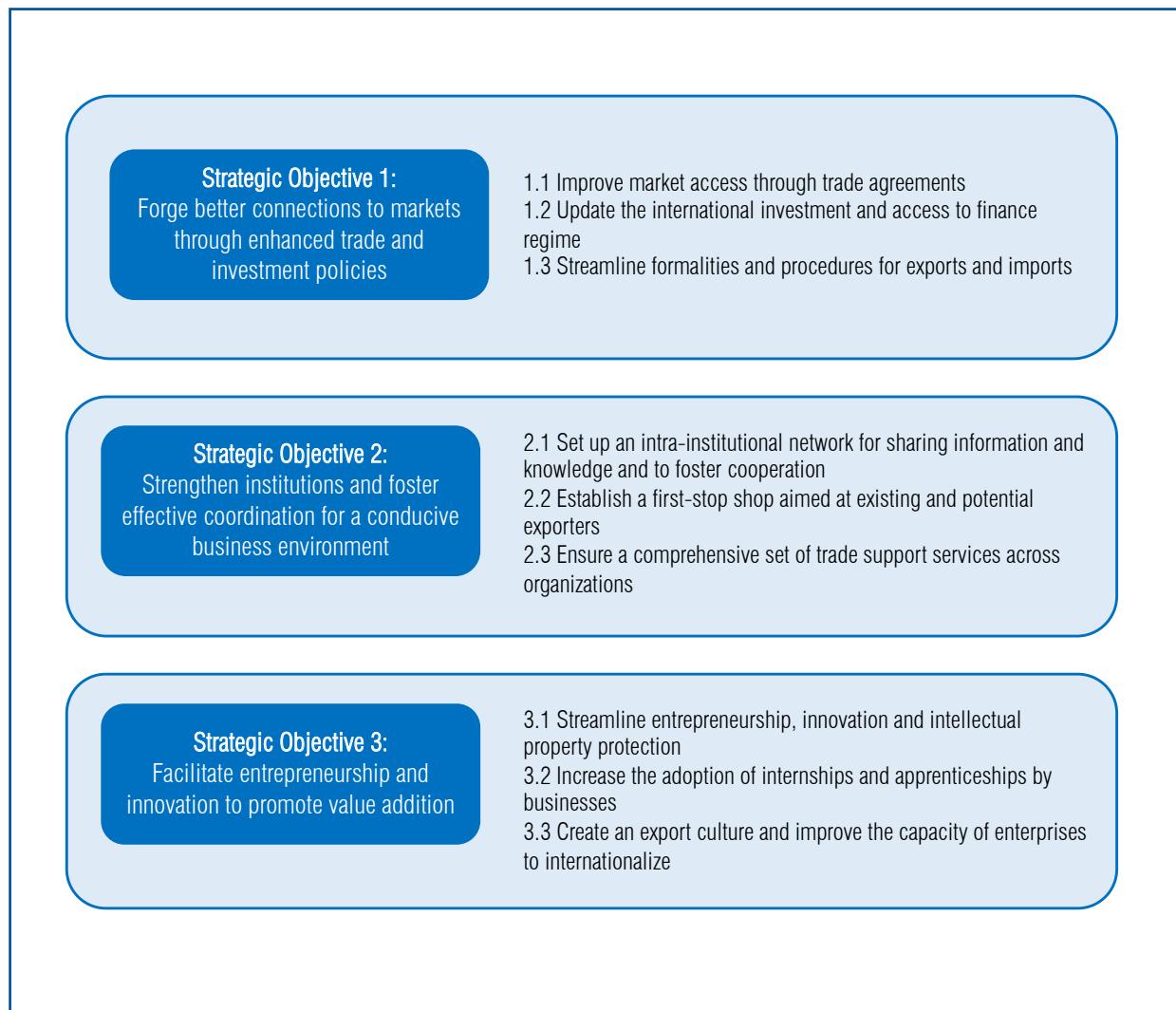
Strategic and operational objectives

The NES vision will be realized through the achievement of three strategic objectives (SOs). These objectives begin the process of focusing and prioritizing the vision. The strategic objectives respond to the constraints and the major themes identified in the economic and trade performance diagnostic. More concretely, the strategic objectives should answer the question: what do we want to achieve? Strategic objectives are, in turn, subdivided into operational objectives. Operational objectives (OOs) are more specific, have a smaller scope, and answer the question: how do we achieve the SOs? Finally,

the operational objectives are themselves broken down into activities. These activities constitute the plan of action of the NES, through its various sector and support function strategies.

During the 1st stakeholder consultation, three strategic objectives were agreed upon. SO1 speaks to the policymaker, SO2 to institutions and S03 to enterprises. In this way, each of the main stakeholder groups of the NES is given an equal role in the design of the NES, and an equal responsibility for its success.

Figure 23: Strategic and operational objectives



Source: ITC.

STRATEGIC OBJECTIVE 1: FORGING BETTER CONNECTIONS TO MARKETS THROUGH ENHANCED TRADE AND INVESTMENT POLICIES

Strategic Objective 1 is primarily directed at policymakers. It recognizes that better connections to markets and enhanced trade, investment and finance policies are needed to support exports. This strategic objective is split into three operational objectives.

Improve market access through trade agreements: Curaçao is pursuing independent membership of the WTO and bilateral trade agreements with key countries in the Caribbean (e.g. Colombia). In addition, it is in the process of joining key regional trade bodies (e.g. associate membership of CARICOM). This strategic objective recognizes these efforts and the trade policy strategy, and will expand and focus efforts accordingly.

Update the international investment and access to finance regime: The Growth Strategy highlights investment as a critical part of jump-starting Curaçao's economy. Increasing investments will be essential to enable Curaçao to increase its productive capacity, and to fund new innovations and businesses. The government recently updated its investment incentives, but a wider improvement of the access to finance environment for SMEs and start-ups is necessary. This strategic objective ensures that investment and access to finance will feature prominently on policymakers' agendas.

Streamline formalities and procedures for exports and imports: Curaçao's trade facilitation environment is in serious need of strong and sustained attention from senior policymakers. Businesses cite port formalities and Customs clearance as one of the biggest issues with the export process. Customs faces serious capacity issues, including challenges inspecting incoming and outcome trade, recording and sharing data, and collecting duties. Businesses under-declare goods, and a lack of capacity and training at Customs means that the country is missing out on valuable tax revenues.

STRATEGIC OBJECTIVE 2: STRENGTHEN INSTITUTIONS AND FOSTER EFFECTIVE COORDINATION FOR A CONDUCIVE BUSINESS ENVIRONMENT

Strategic Objective 2 is primarily directed at institutions. It recognizes that stronger and more aligned institutions foster a better business environment. This strategic objective is split into three operational objectives.

Set up an intra-institutional network for sharing information and knowledge, and to foster cooperation: Curaçao has many small institutions. However, there is

no mechanism for information sharing, knowledge transfer and to coordinate action. This leads to multiple and sometimes contradictory initiatives being pursued by different institutions. Furthermore, it leads to institutions overstepping their mandate and causing confusion and unnecessary rivalries. This operational objective ensures that institutional alignment and cooperation will be a key part of the National Export Strategy.

Establish a first-stop shop aimed at existing and potential exporters: The large number of institutions in Curaçao results in services for businesses being dispersed among many institutions. As a result, it is challenging for businesses to identify what services exist, who provides them and what they need to do to access them. A first-stop shop is a portal that acts as a signpost for services offered by institutions. It contains links to institutions' websites, thereby making it easier for businesses to find relevant services.

Ensure a comprehensive set of trade support services across organizations: In order for business to succeed, a comprehensive set of trade support services are required. Avoiding duplication of efforts, filling in gaps in service delivery, and optimizing the use of limited resources is essential for a small country like Curaçao. These efforts should be directed in such a manner as to deliver to enterprises a continuous and unbroken value chain of services that begins with start-ups and ends with successful exporters. This operational objective recognizes that, in order to achieve this, existing institutions may need to be combined, mandates altered and a clear separation of responsibilities established.

STRATEGIC OBJECTIVE 3: FACILITATE ENTREPRENEURSHIP AND INNOVATION TO PROMOTE VALUE ADDITION

Strategic Objective 3 is primarily directed at enterprises. It recognizes that a NES is ultimately for businesses, and that they need to contribute to making Curaçao a place where business succeeds. To enable enterprises to export, an enabling environment that facilitates entrepreneurship and innovation is needed. However, enterprises must be able to improve the quality and the diversity of goods and services that they export, and to better meet market preferences and requirements.

Streamline entrepreneurship, innovation, and intellectual property service delivery: In order to maintain and improve standards of living, Curaçao needs to improve the competitiveness of its enterprises. It needs to encourage the formation of new businesses in new sectors, and support innovation that increases productivity and value addition. Innovations, especially those leveraging technology, will be crucial to linking Curaçao's sectors. This operational objective ensures that streamlining

entrepreneurship, innovation and IP services will be a key part of the National Export Strategy.

Increase the adoption of internships and apprenticeships by businesses: The productivity of Curaçao's economy, and consequently wages, depends on the quality of the skills of its workforce. Curaçao's businesses have a crucial role to play to ensure the country develops and maintains a strong skills base, and attracts the young to business. This operational objective recognizes that, in order to achieve this, the adoption of internships and apprenticeship programmes by businesses is essential.

Create an export culture and improve the capacity of enterprises to internationalize: Curaçao's long-term

economic viability depends on its ability to generate foreign exchange earnings. Greater awareness of what export is, why it is important for the well-being of islanders and how residents can support exports is urgently needed. The importance of exports should be communicated to all parts of society, including within the education system. In short, Curaçao needs to develop its own export culture. In tandem, the capacity of enterprises to internationalize also needs to be improved. This operational objective recognizes that, in order to build an export culture, greater awareness and support for export is needed within businesses and among the general population.

Priority sectors and trade support functions

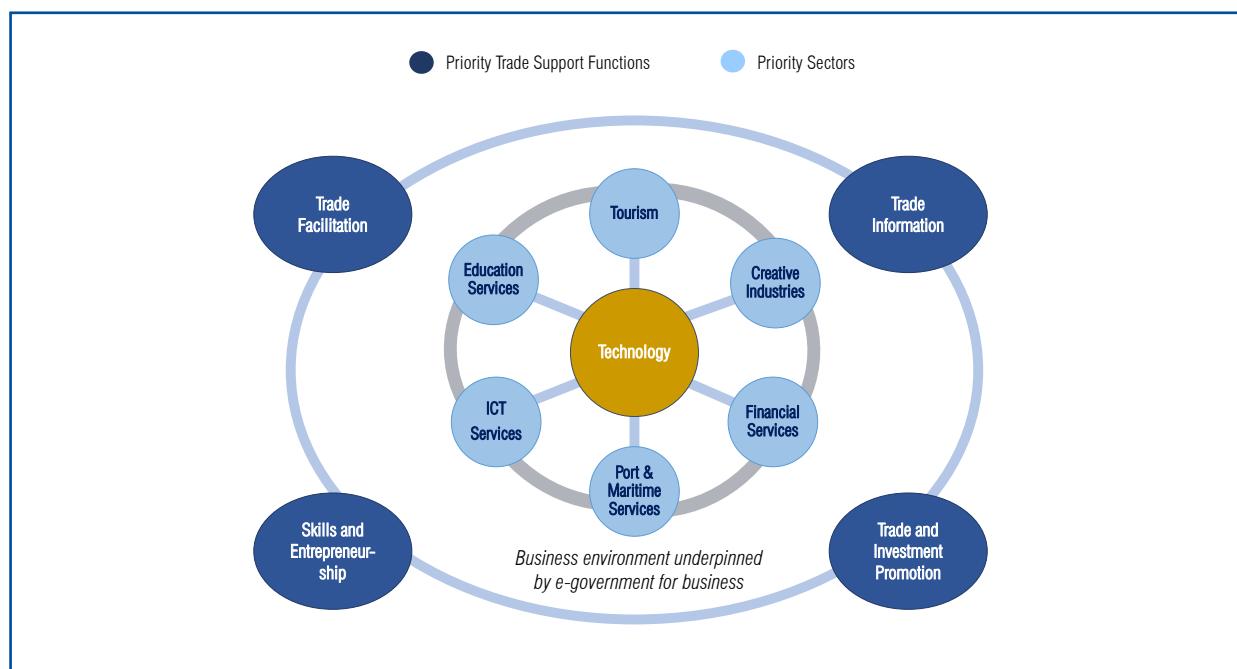
The National Export Strategy is actually multiple strategies folded into one. It contains six sector strategies and four functional strategies. Curaçao is a small island with a small economy. As such, it is important that economic activity on the island in one sector generates positive spillovers for others. In this way, Curaçao can build a resilient and more prosperous economy.

During the 1st stakeholder consultation, and in consultations with other partners, it is clear that Curaçao has the potential to become a leader in smart technologies in the Caribbean. Thus, technology will be at the foundation of all the priority sectors through the use of better

technology. In practice, this will mean leveraging digital technologies (e.g. IT data analytics services), and then finding ways to link innovations and skilled professionals to other sectors (e.g. data analytics for the hotel industry).

The trade support functions are linked by another, but closely related concept: e-government for business. As far as possible, Curaçao should deliver government and institutional services through online portals and platforms. Curaçao has a history of technological innovation in this area, and it should reclaim this leadership position. Together, the sectors, functions and underlying concepts are presented in Figure 24.

Figure 24: Priority sectors and trade support functions

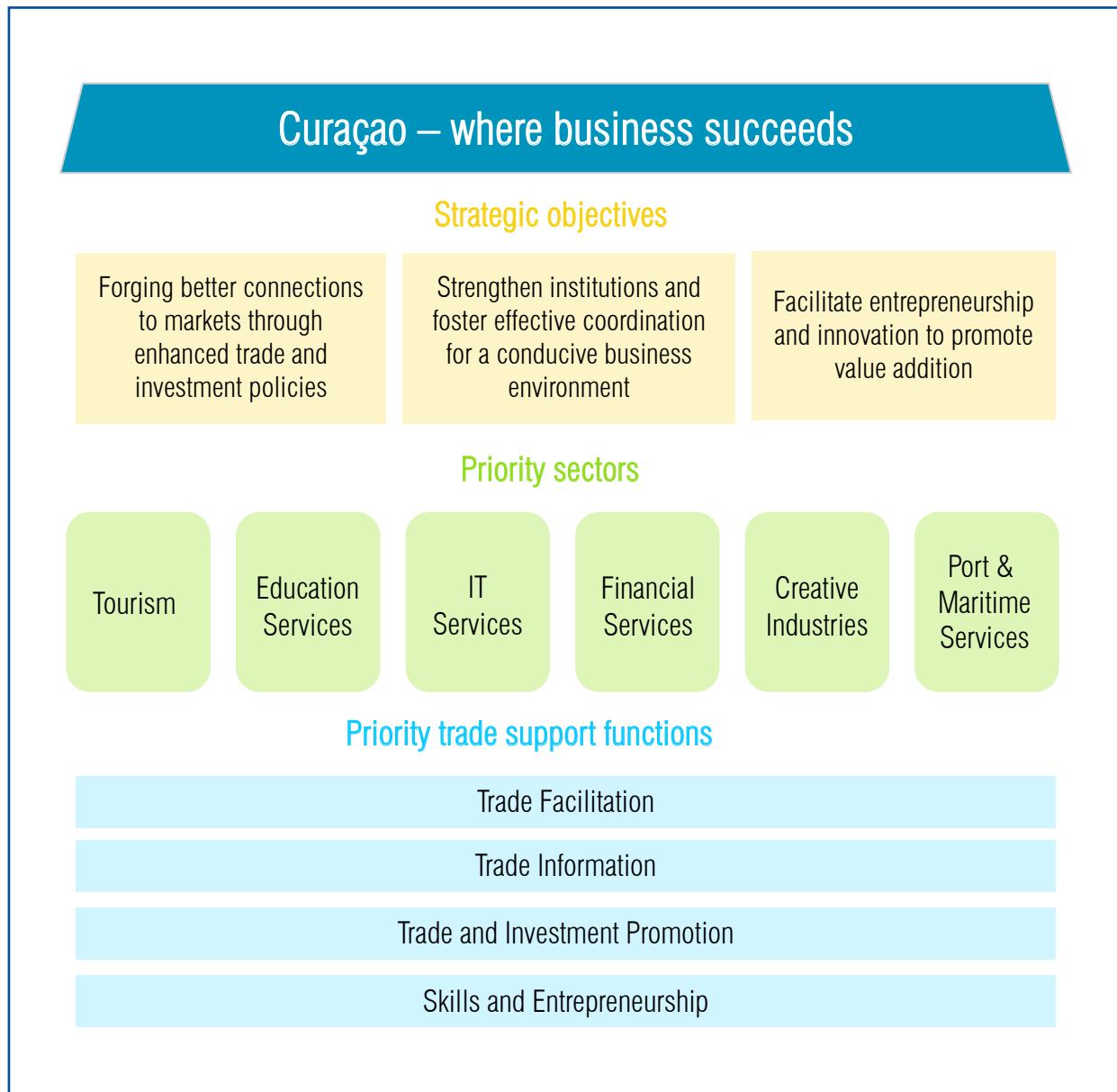


Source: ITC.

Putting it all together

The strategic orientation of the NES is summarized in Figure 25. It shows the vision, together with the strategic objectives, and the priority trade support functions and sectors.

Figure 25: The strategic orientation for the National Export Strategy



Source: ITC.

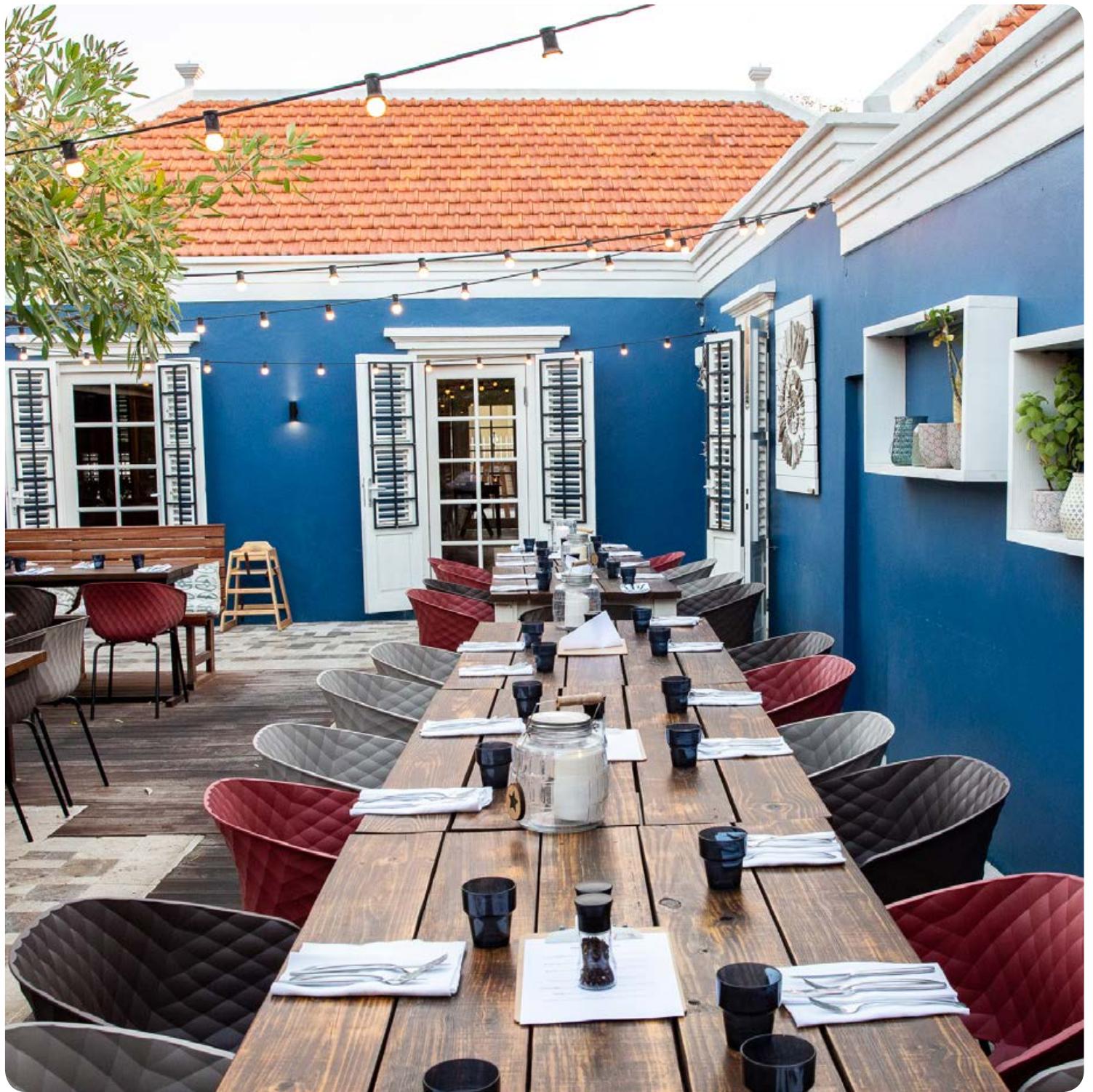


Photo: CTB_2019_Visuals_Curaçao, Fishalicious Restaurant.

Priority sectors

Curaçao's people enjoy a relatively high standard of living, especially when compared to the region. This wealth was built on trade, the oil industry and the finance industry. However, Curaçao's traditional industries are in decline, and the country urgently needs to support current sectors with growth potential and invest in new sectors.

To maintain and improve standards of living, the NES prioritizes six sectors. Prioritization is essential, especially in resource-constrained countries such as Curaçao. Prioritization ensures that energy is directed to efforts with the greatest pay-offs. However, which sectors and trade support functions should Curaçao prioritize?

Sector selection must respond to two considerations: Curaçao's competitive advantages and Curaçao's policy objectives. From the analysis conducted in this report, it is clear that Curaçao's exports have strong competitive advantages in the services sector. Globally, services trade is expanding faster than merchandise trade, and Curaçao has the cultural diversity to serve three large growing markets: Europe, North America and Latin America. However, sector selection must also respond to policy objectives. During the 1st stakeholder consultation, a list of key sector attributes were identified:

1. Job creation potential, particularly for young people;
2. Potential to generate foreign currency;
3. Products or services with high-value addition;
4. Strong potential for intersectoral linkages;
5. Environmental sustainability; and
6. Sectors with strong world demand.

The need to create jobs, particularly for young people, came out strongly. Furthermore, the need to grow foreign exchange earnings and to encourage the development of more high-value-added jobs was also cited as a priority. Curaçao's small size means that it is important for it to foster intersectoral linkages. This can be achieved by leveraging new technologies, especially within the ICT cluster. Using the criteria mentioned above, as well as further consultations with the government, six priority sectors were identified. They are:

1. Tourism;
2. Creative industries;
3. Education services;
4. Financial services;
5. Information and communications technology; and
6. Port services.

Tourism

Curaçao has become increasingly reliant on the tourism industry for economic growth, jobs and foreign exchange earnings. Today, tourism supports (directly and indirectly) approximately one-third of Curaçao's economy. Visitor numbers have increased strongly since 2016, and just fewer than 1.3 million tourists visited Curaçao in 2019. Moreover, hotel occupancy rates have risen in recent years, alongside a rise in cruise visitors.

Tourism is a unique sector, composed of a very diverse series of industries and activities undertaken by visitors. It involves not only primary tourism businesses such as hotels, visitor attractions and tourism transport, but a wide range of facilities and services within the economy for which tourism is not the primary demand. Tourism is thus a broad sector. Moreover, it is affected by and has a bearing on other factors and economic sectors that must also be competitive.

For these reasons, the best way to boost the competitiveness of Curaçao's tourism industry would be to pursue a National Tourism Export Strategy (NTES). A NTES would have the scope to improve Curaçao's diverse tourism industry, and make a real impact on multiple subsectors and tourism support functions within the industry. ITC and the Government of Curaçao are currently discussing the possibility of designing a NTES alongside the NES. Together, the strategies would provide a comprehensive and unified export vision for the country. In the event that a NTES is not pursued, a strategy will be designed for one specific tourism subsector.

The Curaçao Tourism Board (CTB) is responsible for developing and marketing the industry. In 2015, it published the 2015–2020 Tourism Masterplan. The masterplan made a number of recommendations, including refocusing demand structure towards the American market, increasing airlifts from the US market and improving hotel marketing, and enhancing the quality of human capital through investment on education and training. Unfortunately, the plan was only partly implemented. However, some of the goals of the plan, such as refocusing the tourism market towards the US market, have

seen some success. The masterplan is due to expire in 2020 and, as such, a new tourism strategy is needed.

The tourism industry in Curaçao is diverse. It is composed of cultural tourism, recreational tourism, cruise tourism, sport and eco-tourism, event tourism, and increasingly health and well-being tourism. Many of these segments have seen strong growth and have the potential to grow further. The inner city and harbour of Willemstad have been designated a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site, making it attractive to culturally inclined tourists. The island hosts a number of high-end resorts for wealthy sun, sea and sand seekers. Curaçao also has coral reefs, attracting divers from Europe and North America. The island hosts several popular events (e.g. the North Sea Jazz Festival). Finally, large investments in a new hospital may open the door to health tourism.

Ideally, specific sector strategies should be created for each of Curaçao's promising tourism subsectors. The NES will only be able to select one of these subsectors, but a NTES would address them all.

Creative industries

The creative industries (often referred to as the orange economy in the Caribbean) is a diverse sector, and builds on the interplay between human creativity, knowledge and technology. As such, it includes a wide range of subsectors, including design, animation, film, audio-visual, arts, literature, cultural festivals and performing arts. Curaçao has a rich cultural heritage based on strong influences from the Caribbean, North America, Europe and Latin America. This richness has created a strong and vibrant cultural identity that expresses itself in a unique way. Willemstad's city centre is a UNESCO World Heritage Site, and the island hosts a large number of museums, galleries and international festivals.

The development of the creative industries was identified as a priority sector in Curaçao's National Development Plan.⁴⁰ The sector is well aligned to Curaçao's strengths and limitations. Most creative industries rely on highly skilled, creative and motivated individuals. These individuals are often young people and, as such, developing these sectors could help reduce youth unemployment. Furthermore, most subsectors are not capital intensive and are not reliant on economies of scale for their competitiveness. This makes it feasible for Curaçao to become internationally competitive in this sector within a short period.

In 2017, Curaçao established the Curaçao Film Office. Its mandate is to promote Curaçao as a film, video and multimedia destination and to assist interested companies to work in Curaçao. In 2019, the MEO published a policy document for the film industry. Some of the identified strengths were the island's good connectivity, its IT infrastructure, its developed hospitality industry, unique landscapes and its multicultural society. Some of the weakness identified included the lack of relevant training programmes, the lack of filming and post-production facilities, and equipment. It also highlighted the smallness of the local market.

Curaçao has a small number of audio-visual companies. Most companies provide services for the domestic market. However, these services are often inputs for key export sectors (e.g. conferences, tourism or festivals). Strengthening this sector and expanding the market to key foreign destinations would help to boost exports and foreign exchange earnings.

Design is everywhere. The design industry is a broad and fast-moving sector that shapes products, trends and experiences, and drives innovation. It ranges from straightforward graphic design to industrial, product, games, packaging and user experience design, amongst others. It integrates with other priority sectors

⁴⁰— Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015–2030".



Photo: CTB_2019_Visuals_Curaçao, Serena's Art Factory.



Photo: (cc0) @pixabay, falco.

identified in this STDR, such as tourism, IT services and the creative industries. As a subsector that requires relatively low levels of capital investment, design has the potential to become a major foreign exchange earner for Curaçao.

Animation is another creative industries subsector with potential. Curaçao's excellent ICT infrastructure and

attractive fiscal environment could attract large foreign firms to establish operations on the island.

Developing the potential within the creative industries sector is a priority for the National Export Strategy. One or two specific subsectors with the most potential to generate foreign exchange earnings will be selected, and full strategies developed.

Education services

Curaçao has a long tradition in the provision of transnational education (TNE) services in the Caribbean. During the mid-twentieth century, many of the region's elite came to Curaçao's universities to study. Curaçao is still a popular destination for foreign students in the Caribbean, the Netherlands and parts of Latin America. Curaçao has many advantages in its educational system, rooted in a European system, as it provides a solid academic formulation and a multilingual education through an emphasis on languages (Dutch and Papiamentu are the instructional languages, while English and Spanish are widely taught subjects).

Curaçao hosts a number of TNE institutions. However, due to the ongoing effects of globalization and digitalization, the market for transnational students has grown increasingly competitive, and has changed in important ways. The provision of transnational education services in Curaçao represents an important growth opportunity. The sector could become a regular and large contributor of foreign exchange, jobs and tax revenues. Furthermore, a vibrant education services sector can support skills production and innovation in a range of

other sectors, leading to large and positive spillovers. This is a key reason why education services was selected as a priority sector for the NES.

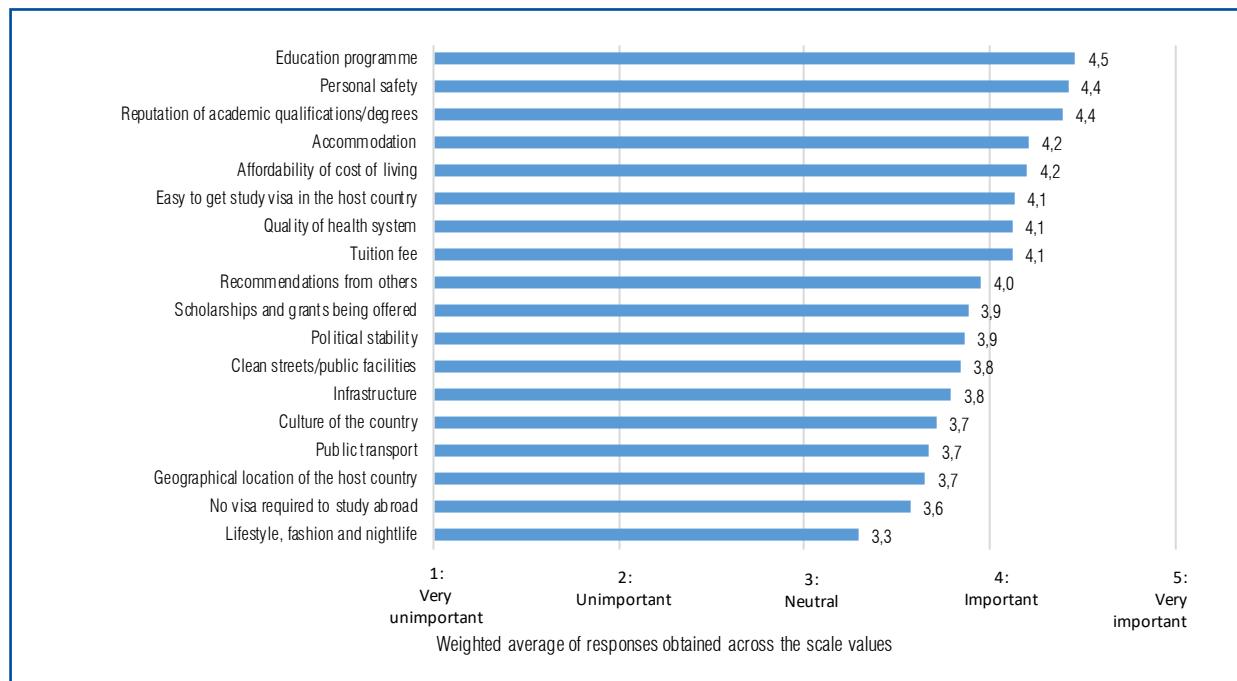
Currently, Curaçao mostly offers transnational education services along the independent provider model. The global market for TNE services has experienced significant growth. In 1999–2016, the total number of students studying abroad in higher education rose from 2 million to 5 million.⁴¹ The provision of TNE services can be an important source of foreign exchange earnings. As an example, in the UK, TNE earned an estimated annual revenue of £496 million in 2015.⁴²

An estimated 700 foreign students visit Curaçao annually. These students come from the Netherlands, Latin America, the United States, Canada, Africa, the Republic of India and the Lebanese Republic (Lebanon). Students mainly come to Curaçao for a semester abroad or an internship programme.⁴³ The top reasons why students choose Curaçao include the education programme, safety, the reputation of the academic qualification, and access to accommodation.

41.– UNESCO, "Outbound Internationally Mobile Students by Host Region".

42.– JISC, "Transnational Education".

43.– Ibid.

Figure 26: Why foreign students choose to study in Curaçao

Source: ITC adaptation from TNE policy.

Curaçao approved a TNE policy in 2015 and implemented a series of changes to make it easier for foreign students to study on the island. Several tax incentives are applicable with the establishment of TNE institutions in Curaçao through tax holiday regimes, with advantages in

exemption of duties and taxes.⁴⁴ A strengths, weaknesses, opportunities and threats (SWOT) analysis, partly based on information from the TNE policy, is presented in Table 6.

Table 6: SWOT analysis for education services

		Helpful	Harmful
Internal	STRENGTHS	WEAKNESSES	
	<ul style="list-style-type: none"> Location Air connectivity Digital connectivity Multicultural and multilingual society An educated population UNESCO sites Legal and financial system Historic provider of TNE to Latin America Variety of after-school activities and entertainment Low fees compared to other providers Simple visa regime compared to the USA 	<ul style="list-style-type: none"> Diseconomies of scale No accreditation board Out-of-date TNE regulations Low range of courses Weak links between education and private sector clusters Weak links with research and innovation 	
External	OPPORTUNITIES	THREATS	
	<ul style="list-style-type: none"> Capture growth of global TNE market Establish branches (e.g. University of Amsterdam) Can expand linkages and exchange programmes with universities in the Netherlands and the United States Encourage the development of a marine biology research cluster Build an innovation sector supported by students and start-ups (Curaçao as a testbed for new technologies (e.g. green, blue and smart technologies) 	<ul style="list-style-type: none"> Venezuela, a large traditional source of TNE students, is experiencing economic troubles Students from Latin America want courses in Spanish rather than English Competition from Bonaire, Sint Eustatius and Saba Local and international accreditation is a problem E-learning 	

Source: Transnational Education Policy, 2014

44.– Ministry of Economic Development of Curaçao, “Transnational Education Policy: Institutions”.

Curaçao's education sector enjoys a number of strengths, including a strategic good location, good air connectivity, and a multicultural and multilingual society. However, it also suffers from some weaknesses, such as a limited range of courses, no economies of scale, and weak links to research and innovation sectors. Nevertheless, Curaçao has some potential to expand education services exports. In particular, Curaçao could expand linkages with research universities to forge a marine biology research cluster, as well as support the development of a start-up or innovation hub that draws in

young students willing to test new innovations in a small market. Opportunities also exist in the area of technology education. While building capacities for Curaçao's own needs, foreign exchange can be earned by offering courses to foreign students.

To support the development of the education services sector, a comprehensive strategy is needed. The NES will engage all stakeholders with a bearing on the sector to enable Curaçao to create a vibrant education service sector.

Financial services

In the mid-twentieth century, Curaçao developed a vibrant financial services industry. Just before the outbreak of World War II, several Dutch multinational corporations (MNCs) relocated their headquarters to Curaçao to protect their assets. This relocation created demand for accountants, lawyers and a range of other professional services. In 1955, a double tax agreement between the United States and the Netherlands was extended to Curaçao, paving the way for the offshore business.

The offshore business grew rapidly as US multinational corporations (MNCs) used Curaçao to issue bonds that were not subject to US withholding tax (30% at the time). In turn, European companies used Curaçao to funnel their investments into the United States. In 1985, the offshore sector brought in \$225 million in tax revenues, a substantial fraction of government income.⁴⁵ However, in the mid-1980s, the United States began taking measures to reduce the attractiveness of offshore trading. Pressure from the Organisation for Economic Co-operation and Development (OCED), the EU and the Netherlands led to the implementation of the New Fiscal Framework that came into force in 2001. This abolished the preferential treatment given to offshore companies. However, the framework enabled existing offshore companies to continue to apply the previous regime until 2019. In the years following the tightening of the rules, the share of tax revenues from the offshore sector declined rapidly.

Despite the decline of the offshore sector, Curaçao's financial services sector still offers a range of services. These include tax planning services for high net worth individuals, corporate tax planning, investment management services, asset management services, consulting services and a range of banking services. The international financial sector employs only 5.4% of the workforce, but these are high-paid jobs.⁴⁶ Furthermore, in

2018, the sector accounted for 6% of GDP and contributed 6% to foreign exchange earnings.⁴⁷ Besides its direct contributions, the international financial services industry indirectly supports other sectors, such as accounting and law services. In addition, it also generates positive spillover effects for telecommunication, transportation and tourism industries.

Curaçao's financial services sector faces an uncertain future. The preferences that created the financial services sector are no longer in place, and the industry has struggled to identify a new niche segment with high growth potential. The Central Bank of Curaçao and St. Maarten (CBCS), which supervises and regulates the industry, recently established an innovation committee to explore the possibility of attracting new types of financial services companies.⁴⁸ The Curaçao International Financial Centre (CIFC), a public–private association that represents approximately 120 financial services companies, is also actively assessing the future for the industry.

Curaçao may have some potential to diversify into an investment hub for investments directed towards Latin America. The island's geographical location, its multilingual population, its strong regulatory framework and its reputation as a financial services hub presents the country with some clear advantages. However, this is a competitive sector, with many other Caribbean islands providing similar services.

In this vein, the industry recently launched a new platform, the Dutch Caribbean Securities Exchange (DCSX), which serves as an international exchange for the listing and trading of bonds, equities, funds and securities. The objective of the DCSX is to attract companies and governments operating in the region that are looking to

45.– Tax Justice Network, "Financial Secrecy Index 2018: Narrative Report on Curaçao".

46.– Curaçao Bureau of Statistics, "Employed Population by Industry Statistics".

47.– Matroos-Lasten, "Curaçao Financial Sector: Ready for 2019 and Beyond".

48.– Matroos-Lasten.

raise capital for business expansion. Despite high-profile listings since 2018, the scale that the platform can reach is uncertain, partly due to the limited size of all Dutch Caribbean economies put together.

Curaçao also has some potential to create a strong consulting industry around financial services. Many companies employ highly skilled and experienced professionals. Furthermore, these services could easily be provided to companies around the region and,

therefore, generate foreign exchange earnings for the country.

Rejuvenating the financial services sector is a priority of the National Export Strategy. Despite the recent challenges faced by the industry, it has a robust foundation of pre-existing companies and skilled professionals. Identifying new growth areas and taking advantage of new opportunities will be essential to improving standards of living in Curaçao.

IT services

Over the last decade, the ICT sector has experienced significant growth. Global exports of information, computer and telecommunication services doubled from \$315 billion in 2008 to 606 billion in 2018. In 2017–18 alone, these services expanded faster than other services by growing 14.7% annually and making up 10% of global services exports. ICT exports from Asia, Europe and the United States grew largely during the period.⁴⁹ Within the ICT sector, IT services have also grown rapidly.

Information technology services include software development and implementation, content management and development, programming, application testing, IT consulting, IT support services, and IT infrastructure management and maintenance services.

Curaçao is well positioned to take advantage of the strong global growth in the demand for IT services. The island is located next to six undersea fibre optic cables, giving it high quality and reliable access to the internet. Furthermore, Curaçao has a state-of-the-art Tier IV data centre that hosts some of the region's and world's largest companies.

Developing the IT services sector also fits Curaçao's long-term strategic orientation. The government wants to encourage the creation of high-valued-added jobs with good wages and attractive working conditions. IT services employees are often well paid, particularly if they are engaged in software development, consulting or infrastructure management. Furthermore, IT services firms do not face the same scaling challenges as manufacturing firms do, meaning that Curaçao can produce small, but globally competitive IT firms. Curaçao also has strong data protection and data privacy laws, based on EU legislation. Finally, Curaçao enjoys a number of other advantages: it has a multilingual workforce and a welcoming culture, and is an attractive place to live.

Assessing the state of Curaçao's IT services sector is challenging. Little data exists on the sector as a whole, and no trade or sector association exists. Curaçao Business Point, a business directory operated by the Chamber of Commerce, has approximately 60 companies in the computer and information services sector. These companies are mostly active in software development, the provision of cloud services, software implementation and IT consulting.

According to the CBS, the sector employs only an approximate 3% of Curaçao's workforce.⁵⁰ This is quite small given Curaçao's strong ICT infrastructure, strong global growth in the sector, and the potential of the sector to contribute to Curaçao's foreign exchange earnings. Part of the reason for this poor performance is due to the lack of skilled professionals in the sector. At the university level, less than 10 ICT graduates are produced every year. A dearth of programmers, designers and data analysts will inhibit growth and squander the advantages Curaçao has in this sector.

Curaçao's IT services sector strategy will provide a blueprint for the sector to grow and to thrive. The strategy will conduct a value chain analysis to identify what factors are holding the sector back. This entails assessing the sector's inputs (e.g. skills, regulatory policies and the business ecosystem), its products (e.g. software and analytics) and key target markets. In addition, the regulatory and IP regime will also be assessed, alongside investment, and market promotion and branding.

Curaçao would benefit immensely from a strong IT services sector. Increased capacities would enable it to adopt new technologies at a faster pace, and it would have important spillover benefits for all the other priority sectors. For example, if Curaçao tries to attract fintech companies to the island, a strong IT services sector would be very helpful. Moreover, it would also help bring about the government's "Smart Curaçao" vision.

49.– UNCTAD website. Services (BPM6): Exports and Imports by service-category and by trade-partner, annual. Retrieved from <https://unctadstat.unctad.org>.

50.– Curaçao Bureau of Statistics, "Employed Population by Industry Statistics".

Port and maritime services

Curaçao has always played an important role in international commerce due to its location, stable political conditions and its deep and wide naturally sheltered main harbour. The Port of Willemstad in Curaçao is among the region's most developed and best-organized ports, and it hosts several free zones. The port is managed by the Curaçao Port Authority and commercial services are provided by Curaçao Port Services.

The country's good connections with Europe, the United States, Latin America and the Caribbean contributed to making Curaçao an important regional transhipment hub for container shipping. The ports of Curaçao have a cargo movement of more than 800 thousand metric tons and 95,000 twenty-foot equivalent units (TEUs) of container movement per year. In 2018, two new panama ship-to-shore cranes were installed, boosting container-handling operations.

The Port of Willemstad comprises St. Anna Bay and Schottegat Bay. It has evolved from a few simple quays to a multifaceted maritime service centre, housing several transnational companies. The Port of Willemstad has a large and well-equipped commercial dry dock that can be used for ship repairs, conversions and dry dockings. The dry dock offers, among others, hull, machinery, piping, electric and electronic repairs to all types of vessels, including offshore equipment, dredges, naval vessels and passenger ships.⁵¹

The country's ports include one of the largest crude oil refinery and oil transhipment centres in the region, operated until recently by Petróleos de Venezuela S.A. (PDVSA). These also have state-of-the-art container terminals, offering an extensive array of cargo facilities operated by Curaçao Port Services Inc. (CPS), a dynamic free trade zone and modern cruise ship terminals.

Since the global financial crisis of 2008, the traffic of piloted inward vessels, cargo movements and container movements has fallen. Moreover, while substantial investment has been made in modernizing the ports, increased traffic and usage of port services is necessary in order to revive the industry.

Port and maritime services are an area that the National Export Strategy has identified as having growth potential. These services comprise a variety of activities, including ship repairs, ship registration, vessel dismantling, berthing, transhipment and bunkering. A report by Stratagem Consultants, published in 2017, identified several medium-sized investment and growth opportunities in specific maritime niche markets (see Table 7).

Particularly attractive investment options include the building of a liquefied natural gas terminal, vessel dismantling and a mega-yacht destination. Ship registration services was another growth opportunity identified during consultations. During the next phase of strategy design, and in close collaboration with the Curaçao Port Authority, Maritime Authority of Curaçao, and Curaçao Port Services, specific subsectors will be selected.

Table 7: Port and maritime investment and growth opportunities

Opportunity	Likeliness	Potential annual cargo (tons)	Additional full-time employees	Investment (USD millions)	Expected market interest
Mega yachts	Medium/high	–	50	8	Yes
Vessel dismantling	Medium	20 000	20	50	Yes
Fishery	Low	Currently unknown	Currently unknown	5	To be discussed
LNG terminal	High	2 500 000 m ³	50	500	Yes
Dry bulk transhipment	Low/medium	2 000 000	70	8	Yes

Note: LNG stands for liquefied natural gas.

Source: Stratagem Consultants, 2017.

51.– Curaçao Chamber of Commerce and Industry, "Ports".



Photo: CTB_2019_Visuals_Curaçao, Punda - Handelskade.

Priority trade support functions

Curaçao's business environment is set by its institutions. A number of policies, plans and strategies note that the cost of doing business is high and that the ease of doing business is low. Furthermore, businesses complain of the lack of responsiveness from institutions, as well as an inadequate range of services.

A theme running through the consultation was the difficulty of accessing services from trade support institutions. Representatives from business associations as

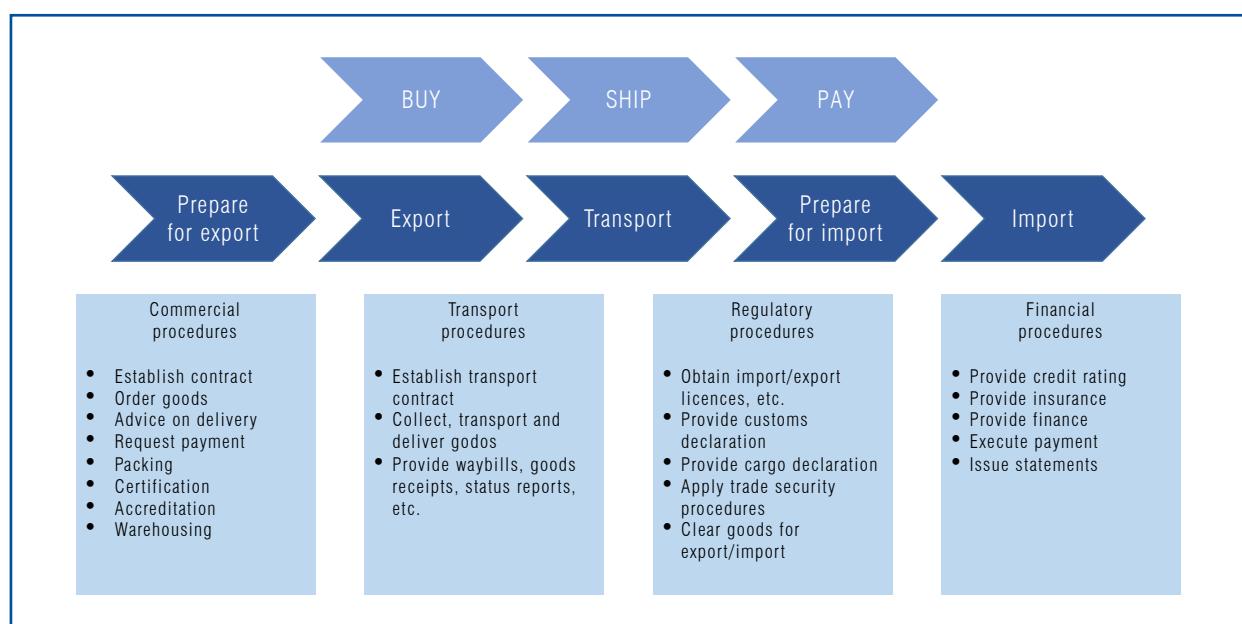
well as individual business owners expressed a strong preference for completing paperwork or accessing information online. Therefore, the NES proposes that a cross-cutting and unifying feature of the function strategies be the transition of as many services as possible to online portals and websites. During the 1st stakeholder consultation, four priority trade support functions were identified. They were trade facilitation, trade information, trade and investment promotion, and skills and entrepreneurship.

Trade facilitation

Trade facilitation measures streamline procedures to reduce the time and cost to trade, as well as increase the predictability of obtaining licences, permits and rulings. As such, trade facilitation covers the full spectrum of border procedures, from the electronic exchange of data about a shipment to the simplification and harmonization of trade documents, to the possibility to appeal administrative decisions by border agencies. It also addresses areas such as trade finance, insurance, transport and logistics, and information. An efficient trade facilitation regime promotes exports and makes it easier for aspiring exporters to engage in international trade.

The full range of steps linked to trade facilitation is well explained by the buy–ship–pay model. In this model, exporters must prepare for export (e.g. prepare documents, prove certification and pass pre-shipment inspections), export (e.g. port formalities and Customs clearance), arrange transportation (e.g. establish a transport contract), prepare for import (e.g. obtain import licences and show rules of origin certificates), and import (e.g. port formalities and deliver goods to buyer).

Figure 27: Buy–ship–pay model



Source: ITC illustration based on United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) (2008).

Curaçao's trade facilitation environment is challenging to assess. The country does not have a Logistics Performance Index score, limiting the ability of policy-makers to compare performance to international and regional peers. Nevertheless, approximately 40% of exporters and firms with an interest in exports reported that Customs clearance should be a NES priority. Furthermore, 63% of exporting firms wanted to see improvements in the area of transport and cargo handling, an area closely related to trade facilitation.

From bilateral discussions with Customs and feedback from stakeholders during the 1st consultation, it is clear that Curaçao's trade facilitation regime is in need of significant improvements. Customs noted that existing legislation is out of date. For example, existing legislation does allow for pre-clearance, but, due to capacity constraints, Customs have no choice but to permit goods to enter and exit on this basis. Legislation to address this issue is stuck in parliament. Furthermore, senior Customs officials reported that both of their large container scanners are broken and that, as a result, they struggle to inspect the contents of incoming and outgoing shipments. Moreover, Customs officials noted that the trade statistics are unreliable and, therefore, will be of limited use to the export strategy. Worryingly, businesses are aware of the lack of capacity within Customs, and

so systematically under-declare to avoid paying duties. Customs officials also reported a lack of training, career advancement and motivation among staff.

On a brighter note, Customs recently adopted the Automated System for Customs Data (ASYCUDA) World, the latest version of a computerized Customs management system. Furthermore, Curaçao recently signed an agreement to join the Caribbean Customs Organisation. These are good steps forward, but the benefits will be limited unless a range of other problems affecting Customs is dealt with. Curaçao is pursuing independent membership of the WTO. As part of its accession proceedings, trade facilitation is likely to feature strongly. Prioritizing trade facilitation reform at the national level will help smooth accession proceedings.

In summary, Curaçao has a weak trade facilitation environment. Customs lack capacity, are struggling to record what comes in and out of the country, and are being forced to find ad hoc solutions to serious problems. Furthermore, the country is forgoing significant revenues because Customs is unable to enforce the law. Finally, improving this area will be of key importance to WTO accession negotiations. For these reasons, a specific and detailed strategy will be designed to improve the trade facilitation environment for Curaçao.

Trade information

Successful navigation of international markets hinges on the ability of both the private and public sectors to leverage trade information. Up-to-date trade information allows firms to understand the commercial landscape of both existing and potential markets. Such data facilitates the continued competitiveness of product lines and permits enterprises to capitalize on emerging opportunities. Moreover, reliable information on international standards and regulations allows exporters to design products in accordance with compliance principles of target markets. This is a prerequisite for market penetration and, therefore, a well-functioning trade information sector contributes to economic diversification and resilience.

Broadly speaking, trade information includes detailed product and services import and export data, information on tariffs and trade agreements, information on destination market standards and regulations, and detailed global market information.

Challenges in accessing relevant and competitively priced trade information on key markets were highlighted by exporters as a major constraint to entering new markets. While established industries can build on long-term business networks, SMEs and nascent industries

face challenges accessing market information and requirements. According to the EIS, 29% of non-exporting firms with an interest in exporting selected trade information as a priority area for the NES.

Curaçao has limited statistical reporting capabilities. During discussions with senior Customs officials, they noted that much of the trade entering and leaving the country is not registered or inspected. They noted that the official trade statistics are unreliable. Furthermore, trade data is often published years after it was collected, rendering it mostly useless for enterprises.

One of the biggest barriers to market entry is in-market standards and regulations. Without detailed information on technical, sanitary, packaging, labelling or other in-market requirements, producers will find it difficult to comply with the relevant regulations. The National Quality Policy explicitly singles out information provision on standards as key. Curaçao currently does not have a strategy to provide business with relevant information on standards for key products in major markets.

Curaçao is also seeking membership of the WTO. In March 2020, a working party was established to move forward the access process. Membership will give



Photo: CTB_2019_Visuals_Curaçao, Wandu Cafe.

Curaçao a broader set of rights to draft and sign preferential trade agreements. Preferential trade agreements provide increased market access to selected markets under specific conditions. For exporters, understanding when and if they qualify for preferential tariff rates can be challenging (e.g. rules of origin requirements). Curaçao does not yet have any strategy to teach firms throughout the island how to leverage trade agreements.

Curaçao, being primarily a services-based economy, faces particular challenges with respect to providing relevant trade information. There is currently little to no relevant, detailed and up-to-date trade information for services sectors. The central bank does have some services trade data from balance of payments reporting, but the detailed versions of the data are not published on their website in a user-friendly manner.

Businesses – particularly SMEs – do not know where to go to get trade information that is already available (e.g. Trade Map or Market Access Map). According to the Exporter and Investment Survey, market analysis and research were the most highly requested trainings, with 31% of firms surveyed asking for this.

Curaçao's trade information provision needs to improve. It is for this reason that it was selected as a priority trade support function. During consultations with stakeholders, the idea of a first-stop shop for trade information was well received. A portal that links users to a range of providers of relevant trade information, alongside a bespoke market information request system, would help more businesses in Curaçao to become exporters.

Trade and investment promotion

Trade and investment promotion comprises the set of economic policies, interventions and initiatives aimed at growing exports in target markets, and encouraging investments into strategic sectors. An effective trade and investment environment helps boost productivity, incomes, jobs and exports.

Trade promotion, also referred to as export promotion, encompasses a variety of activities, including market entry support, in-market support, trade fairs, marketing and advertising, and other activities linking buyers and suppliers. Trade promotion policies tend to focus on national industries that have a comparative advantage over their foreign competitors. Trade promotion efforts are highly dependent on the strength of a country's global network, which connects businesses with international counterparts. According to the EIS, 31% of non-exporting firms with an interest in exporting selected trade promotion as a priority area for the NES.

Investment promotion encompasses the set of activities related to identifying domestic investment opportunities, connecting investors with those investment opportunities, facilitating investment deals and providing investors with aftercare services. Investment promotion usually commands strong support from policymakers, as it is trying to attract direct spending in the local economy. Furthermore, foreign investment usually brings with it advanced machinery, new knowledge and jobs.

Curaçao has combined its trade and investment promotion efforts under one institution, the Curaçao Investment and Export Promotion Agency (CINEX). CINEX's mandate is to assist foreign investors and entrepreneurs throughout the process of setting up a business on the island, as well as to promote exports from the island to global markets.

The NES team conducted two bilateral discussions with CINEX to better understand its priorities and capacities.

CINEX is staffed by a team of four full-time and three part-time employees. In recent years, CINEX has focused on attracting investors rather than supporting exporters. Given its limited capacities, the institution provides very little in terms of trade information, market entry support or in-market support. Curaçao does organize trade missions and supports companies to attend trade fairs. However, these activities are often organized by the Ministry of Economic Development, rather than CINEX.

CINEX also seems to have limited reach. According to the Exporter and Investment Survey, 69% of exporters and 68% of firms seeking investment have had no previous contact with CINEX. This may be because firms are simply unaware of the services CINEX offers, or they perceive its service offering as not particularly relevant for them. On the investment side, CINEX has focused on promoting the Curaçao Smart Nation vision, although it is unclear how much investment has entered the country due to this effort.

Queries for export promotion assistance by businesses, such as requests to help identify buyers, are usually routed to the Chamber of Commerce. The chamber then leverages its network to help support businesses. In principle, Curaçao has access to in-market support provided by the Netherlands' network of embassies (e.g. trade attachés). However, stakeholders complained that their requests for assistance often went unanswered or experienced long delays. There is a perception that export assistance is less of a priority within embassies if they originate from Curaçao.

Curaçao's export and investment promotion environment is weak. Major institutional changes will be required to focus efforts on delivering the core services related to trade and investment promotion. A comprehensive and detailed strategy to develop this area will, therefore, be developed under the NES.

Skills and entrepreneurship development

Modern industries and sectors are more dependent than ever on highly specific skill sets. Without these skills, these sectors can stagnate or fall into rapid decline. Skills development strategies identify what skills are needed to support priority sectors, assess whether the education system is providing these skills and, if not, what policies and reforms can increase the supply of appropriately skilled professionals.

Entrepreneurship, on the other hand, is the process of designing, launching and running a new business. Entrepreneurs often try to leverage new technologies to build more productive businesses. High levels of entrepreneurship are associated with long-term economic growth, better levels of productivity growth, and job creation.⁵² In rare cases, new businesses can spawn new sectors and result in the creation of thousands of jobs.

⁵²—GEM, "Global Entrepreneurship Monitor 2018/2019 Global Report".

CLOSING THE SKILLS GAP

Curaçao faces persistent difficulties in matching job opportunities with qualified candidates. The education system is not responsive to the needs of employers. For example, Curaçao's tourism sector is expanding rapidly, but employers mention lack of skilled professionals, leading employers to look abroad for employees.

An improved vocational system, at the secondary and post-secondary level, is critical to providing a pool of qualified candidates. Curaçao has a good vocational education system on which to build, but many best practices are not yet in place, including access to technology and a well-established set-up.⁵³ This report's audit of the education system found that, although there are a range of vocational education courses on offer, many of them are out of date, have few students or have high failure rates.

The tertiary system is not aligned to those areas where Curaçao has the potential for economic growth. Too many young people with degrees in business and economics are being produced. Many of them subsequently leave, as they cannot find work on the island. A skills-mapping exercise that determines which skills businesses require needs to be carried out. Equally importantly, the education system must produce the skills that Curaçao requires to develop new economic sectors that will represent foreign exchange earnings in the future. Education services providers thus need to be incentivized to update and adjust their course offering appropriately.

BUILDING AN ENTREPRENEURIAL ECOSYSTEM

In 2011, consultants were commissioned to formulate an SME policy for Curaçao. The resulting SME policy contained a set of recommendations, including the establishment of a small business development centre (SBDC), improving statistics on SMEs, introduction or strengthening of various support programmes and strengthening entrepreneurship training in the educational system. In 2018, MEO requested the support of the Ecorys–COSME project to update the policy (see Annex II for more information).⁵⁴ To solicit views from a wide range of stakeholders, a democratic dialogue led by UNDP was held.

A major concern raised by the stakeholders was the lack of coordination within the current business support ecosystem. Business development services are provided in an ad hoc fashion by a variety of institutions (e.g. CITI, Chambers of Commerce, ADECK and the CDI). Furthermore, there is no pipeline for new businesses that shepherds new businesses from idea to prototyping to scaling up. The establishment of a small business development centre has been proposed as a solution. All relevant entrepreneurship services would be grouped together under the SBDC, improving coordination and efficiency.

An effective education and entrepreneurial system could help address a number of social issues, including brain drain, high youth unemployment rates, crime and stagnant government revenues.



Photo: (CC BY 2.0) Tjabeljan, tjabeljan CuracaoWillemstad.

INTEGRATING THE ENTREPRENEURSHIP AND SME POLICY INTO THE NES

Unlike the other trade support functions, Curaçao already has an SME and entrepreneurship strategy. As such, the skills and entrepreneurship functional strategy will draw heavily on this past work in order not to duplicate efforts. Recommendations and actions may be adopted wholesale if appropriate. However, Curaçao does not have a strategy to address the skills mismatch within the domestic economy. This will be a particular area of focus for this functional strategy.

53.– Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015–2030".

54.– Ministry of Economic Development, Policy Department, and Caribbean OCTs SME (COSME) Programme, "Entrepreneurship and SME Policy for Curaçao".



Photo: CTB_2019_Visuals_Curaçao, Number Ten Restaurant.

Implementation framework

Implementation is essential. The contribution of the NES to export development will depend entirely on the ability of Curaçao's government, institutions and enterprises to implement the strategy's plans of action. Therefore, without a strong and credible commitment to implementation from the top of government down, the strategy design process is largely a futile effort.

The NES is not the strategy of a single institution or ministry, but rather the overarching strategy of the aggregate institutional framework of the country. Implementation often fails because it requires a wide variety of institutions to coordinate and collaborate, and, in Curaçao, many institutions fail to work together. Moreover, if institutions pursue unaligned or ad hoc strategies, coordinated implementation is less likely to occur, efforts are less likely to benefit from synergies, and strategies are more likely to fail.

The lack of coordination of Curaçao's institutions has led to the design of many strategies, each pursuing their own goals and objectives. The large number of strategies and the lack of leadership has made it difficult for the government and institutions to prioritize and for ministers to make sensible resource allocation decisions. The NES presents one unifying export development vision for Curaçao, and elaborates this vision through its strategic and operational objectives.

As stated earlier, Curaçao has a poor track record of implementing strategies and, as such, there is a real risk that little to no implementation will materialize. Therefore, it is essential that Curaçao approaches implementation in a different way. To achieve the vision and objectives of the NES, Curaçao needs to build a robust implementation management framework.

Curaçao Export Council

The Curaçao Export Council (CEC) is an independent council tasked with supporting the implementation of the NES. It provides the leadership and the coordination necessary to implement the strategy. The Curaçao Export Council acts in an advisory capacity to the Cabinet of Ministers on matters relating to trade and competitiveness. The CEC has a number of critical roles, including:

1. Coordinating implementation of the NES by the government, private sector organizations or other implementing partners;
2. Identifying and recommending allocation of required resources;
3. Recommending to the Cabinet of Ministers policies that support the implementation of the NES;

4. Monitoring and measuring implementation to ensure that targets are being achieved, and taking corrective action where necessary;
5. Revising and updating the NES so that it continues to respond to the needs and long-term interests of the business community.

For effective implementation, it is crucial that the CEC secures broad and deep political support. Such support incentivizes collaboration and ensures implementation survives potential changes of government. It is thus crucial that the CEC be formally set up and given backbone through legislation, which ensures the stability, independence and autonomy of the CEC. Formalization of the CEC must include giving it an official mandate to coordinate, monitor and mobilize resources across governmental institutions and agencies and private sector institutions.

The CEC is composed of an equal number of public and private sector/civil society representatives. In effect, it brings together all those decision makers who have a bearing on international trade and competitiveness. It is co-chaired by the Minister of Economic Development (or equivalent) and a rotating elected representative of the private sector, who jointly report to the Cabinet of Ministers twice a year. It meets on a frequent and regular basis, at least quarterly (but it is recommended to meet monthly until it starts running smoothly). The CEC can set up ad hoc task forces or specialized subcommittees to assist it in its work. A model legal framework for the CEC is available in Annex V.

To support the work of the National Export Council, a secretariat will have to be established. The core responsibilities of the CEC secretariat are to:

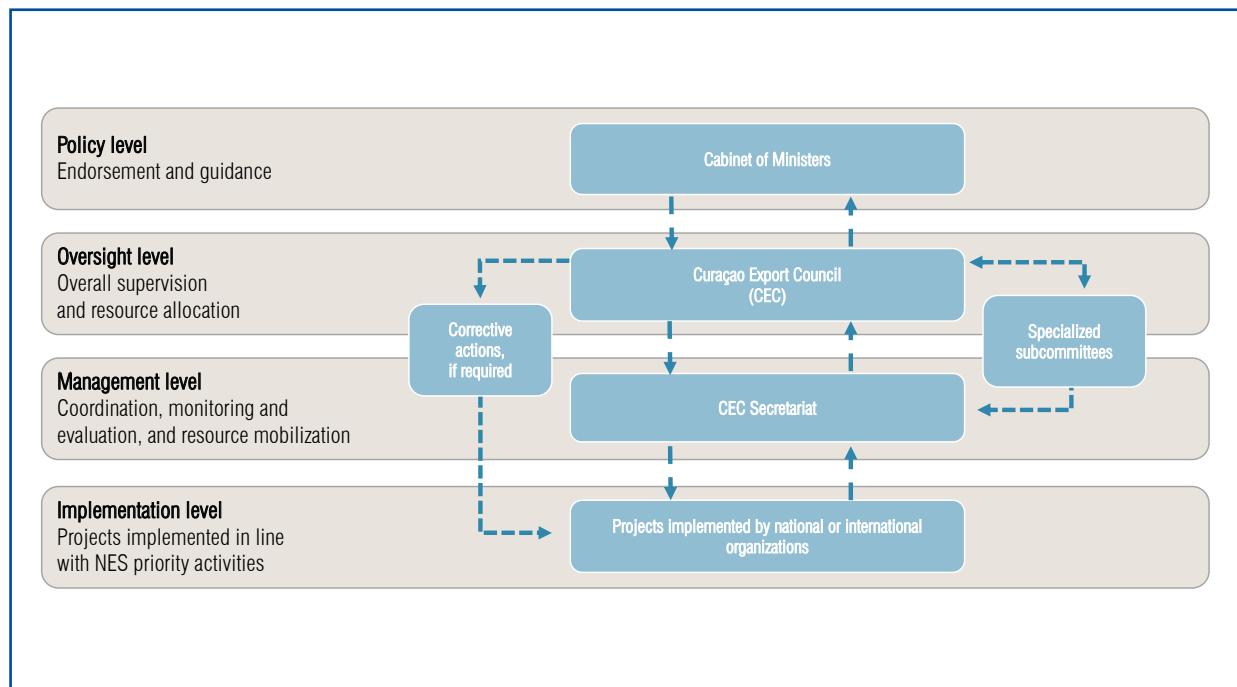
1. Prepare the meetings and agenda of the CEC, as well as relevant supporting materials to allow effective debate and decision-making;
2. Follow up on CEC resolutions and develop work plans for their achievement;
3. Prepare proposals, including budgets and plans of action, for the implementation of activities of the NES;
4. Collect information from implementing agencies and prepare regular monitoring and evaluation reports for review by the CEC;
5. Execute any other related tasks required by the CEC.

The governance structure for implementation

It is recommended that, initially, the CEC secretariat have a staff complement of three – one seconded by the Ministry of Economic Development, one by the Chamber of Commerce, and one by the Curaçao Tourism Board. It is further recommended that the CEC secretariat be

seated within the Ministry of Economic Development. Annex V provides more detailed terms of reference for the CEC secretariat. Below is a visual representation of the governance structure for the implementation management of the NES.

Figure 28: The governance structure for implementation



Building momentum

It is imperative that the National Export Strategy does not remain just a piece of paper. Implementation must follow strategy design. Implementation will set Curaçao on the road to fulfilling the NES vision – being a place where business succeeds.

Although the Strategic Trade and Development Roadmap is only the first step of strategy design, the process strongly recommends that targeted implementation begins immediately. The STDR recommends the implementation of five objectives. The implementation of these objectives will begin the process of strengthening Curaçao's business environment and enable the government to show off some "quick wins". Importantly, it will also build credibility for the National Export Strategy, and build momentum for further implementation.

IMPLEMENTATION ACTIVITY 1: ESTABLISH THE CURAÇAO EXPORT COUNCIL

Rationale: Curaçao needs a robust governance structure to direct, support and monitor implementation. The governance structure also needs to be able to monitor emerging competitiveness constraints and opportunities in international trade and react accordingly. The Curaçao Export Council can fulfil this requirement. To be effective, it must be instituted in law, and be composed of senior representatives from the public and private sectors.

Activities: 1) Establish the Curaçao Export Council in law. 2) Appoint members. 3) Establish the Curaçao Export Council secretariat. 4) Appoint secretariat staff. 5) Organize the first meeting of the Curaçao Export Council under the patronage of the prime minister.

Lead implementers: Ministry of Economic Development and Ministry of Justice

Budgetary support: Support for three staff members for the CEC secretariat (seconded from the following three organizations: the MEO, Chamber of Commerce and the Tourism Board)

Timeline: CEC established by the end of June 2020

IMPLEMENTATION ACTIVITY 2: STRENGTHEN CUSTOMS

Rationale: Curaçao has a weak trade facilitation environment. Customs lack capacity, are struggling to record what comes in and out of the country, and are being forced to find ad hoc solutions to serious problems. Furthermore, the country is forgoing significant revenues because Customs is unable to enforce the law. Early action to resolve some of the problems Customs is facing will improve the business environment.

Activities: 1) Fast-track the new Customs law through parliament. 2) Conduct an audit of key equipment and machinery and replace defective units (e.g. container scanners). 3) Provide support to increase inspection frequencies. 4) Provide training and support to improve data collection. 5) Conduct a review to identify the main procedural obstacles businesses face when importing or exporting.

Lead implementers: Ministry of Finance and Ministry of Economic Development

Budgetary support: Support will be needed to finance the purchase of new equipment for Customs and training activities

Timeline: Activities to be completed by the end of 2020.

IMPLEMENTATION ACTIVITY 3: IMPROVE INFORMATION PROVISION FOR NEW BUSINESSES

Rationale: New businesses are mostly unaware of the array of services provided by Curaçao trade and business support networks and don't always know who to go to for assistance. The provision of information would help to stimulate entrepreneurship and increase awareness of what services are available and who provides them, as well as key information on regulations, incentives and financing options (e.g. investment incentives and free zone benefits).

Activities: 1) Establish a portal that provides information on all business support services and facilities provided by public and private institutions. The portal should start by answering the question "what support do you need?" and then categorize responses under different classifications (e.g. start a business; export; access to finance; market information; find an investor, etc.). It should also provide searches by organization, including a summary of that organization's functions. Information is ideally also filtered by sector (e.g. ICT; tourism, etc.) and list relevant organizations, services, facilities and incentives. The portal will be the de facto reference for all enterprises. 2) Establish a desk that provides basic information and acts as a signpost for services offered by institutions. It will be the first point of reference for any query on business and investment matters. The desk shall contain a complete directory of organizations that deal with enterprises.

Lead implementers: Chamber of Commerce

Budgetary support: None

Timeline: Information packs ready by August 2020

Activities: 1) Transmit detailed tariff and trade flow information from Customs to the CBS. 2) The CBS to process Customs data so that it can be shared with ITC/COMTRADE to be uploaded on international trade databases. 3) The CBS, in collaboration with the CBCS, to regularly collect and publish data on services exports.

Lead implementers: Ministry of Economic Development, Curaçao Statistics Bureau, Central Bank of Curaçao and Sint Maarten

Budgetary support: Strengthen capacity at the CBS. Additional trained staff is likely to be required to meet this objective on an ongoing basis.

Timeline: Latest trade data to be published by September 2020

IMPLEMENTATION ACTIVITY 5: GET A DOING BUSINESS AND LOGISTICS PERFORMANCE INDEX SCORE

Rationale: Curaçao does not have scores on the most widely used international indices. Getting a ranking on Doing Business and the Logistics Performance Index is a critical first step to providing international investors with the information they need to make an informed investment decision. It will also help Curaçao to gauge its international competitiveness. Repeating the exercise every three years will ensure the rankings remain up to date.

Activities: Contact the World Bank and arrange for Curaçao to be benchmarked using their methodology.

Lead implementers: Ministry of Economic Development

Budgetary support: Financing could come from the Growth Strategy, as the attraction of more foreign direct investment is a key part of the strategy.

Timeline: Doing Business and Logistics Performance Indices should be published by mid-2021.

IMPLEMENTATION ACTIVITY 4: IMPROVE THE AVAILABILITY OF TRADE STATISTICS

Rationale: Successful navigation of international markets hinges on the ability of both the private and public sectors to leverage trade information. Curaçao publishes very little in the way of trade data, and what it does publish is highly aggregated, often incomplete and several years old. This information is essential to enable decision makers to make informed decisions. Curaçao's trade information provision must improve. Most importantly, the provision of accurate and up-to-date trade figures to the WTO will be an important requirement of Curaçao's accession process.

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Annex I:

Exporter and Investment Survey

ITC, in collaboration with the Ministry of Economic Development and the University of Curaçao, conducted a survey of enterprises in Curaçao in late 2019. The purpose of the survey was to better understand what services enterprises would like to see developed, what challenges they face when dealing with various business support institutions, what challenges they faced when exporting, and whether they needed external investments. The data

was collected by students from the University of Curaçao, under the supervision of Earney Lasten.

The survey obtained responses from 233 firms. The following table shows the survey's sample statistics in terms of firm characteristics, sector distribution, turnover levels, gender of the top manager, age of the top manager and export orientation.

Number of surveyed firms (N) = 233 firms					
Sector distribution	n	%	Top manager gender	n	%
Other services	62	38%	Male	153	66%
Accommodation & food services	33	20%	Female	69	30%
Manufacturing	18	11%			
Construction	12	7%			
Information & communication	11	7%			
Wholesale & retail trade	8	5%	Top manager age	n	%
Financial & insurance	8	5%	35-plus years of age	177	78%
Transportation & storage	7	4%	34 years and younger	49	22%
Agriculture & mining	4	2%			
Turnover levels	n	%	Export orientation	n	%
Less than \$0.3 million	112	50%	Non-exporting firms with no export interest	104	47%
\$0.3 million to \$3 million	93	42%	Non-exporting firms with export interest	52	23%
Greater than \$3 million	17	8%	Regular exporting firms	34	15%
			Irregular exporting firms	32	14%

Note: Some categories do not add up to 100% due to missing observations.

Source: ITC Exporter and Investment Survey.

The majority of firms surveyed operate in services. Accommodation and food services accounted for one-fifth of firms, while smaller fractions perform activities on construction, information and communication, and wholesale and retail trade, among others. Approximately one out of ten firms belongs to manufacturing sectors. Only 2% of firms perform activities in agriculture and mining.

Half of firms have turnover levels of less than \$300,000. Approximately two-fifths of firms reported turnover ranging from \$300,000 to \$3 million dollars, and less than one-tenth of companies reported turnover greater than \$3 million dollars.

Firm managers are mostly men and over 35 years of age. Only one-third and one-fifth of firms reported being led by women and young managers respectively.

While 47% of firms do not export or have an interest in exporting, more than half reported a degree of export orientation. More than one-fifth of firms are interested in exporting despite being non-exporters currently. In addition, firms that export in either a regular or an irregular manner accounted jointly for almost one-third of total surveyed firms.

Annex II:

Overview of trade development plans, policies, studies and strategies

In this annex, a list of Curaçao's recent plans, policies and strategies is provided, as well as their implementation status. For a selection of these reports, brief summaries are provided.

Publication year	Strategy, study, plan or policy	Type	Coverage	Implementation status
2012	CFATF Mutual Evaluation Report	Sector	National	4
2013	Strategies for sustainable long-term economic development for Curaçao (TAC report)	National	National	3
2013	Port Policy of Curaçao	Functional	National	3
2014	Investment Promotion Policy	National	National	3
2014	Transnational Education Policy	Functional	National	2
2014	Economic Impact Study International Financial Services	Sector	National	NA
2015	Business support organization study (COSME)	Functional	Regional	1
2015	Tourism Master Plan	Sector	National	3
2015	National Development Plan	National	National	3
2016	Roadmap to E-commerce	Functional	National	2
2016	Trade and Investment Strategy (COSME)	National	Regional	1
2016	Innovation Policy	Functional	National	2
2016	Intellectual Property Strategy	Functional	Regional	1
2017	Diversification Strategy (COSME)	National	National	1
2017	Guarantee Fund Scheme for SMEs	Functional	Regional	NA
2017	National Quality Policy	Functional	National	1
2017	Curaçao Air & Maritime Cargo Transport study (MTBS)	Functional	National	2
2018	Curacao Aviation Whitepaper	Functional	National	3
2018	Regulatory and business environment for business support organizations study	Functional	Regional	1
2018	National Energy Policy	Functional	National	2
2018	Curaçao Smart Nation	Sector	National	3
2018	Entrepreneurship and SME Policy	Functional	National	3
2018	Youth Entrepreneurship Programme	Functional	National	3
2018	Curaçao Sustainable Development Goal (SDG) Roadmap	Functional	National	1
2018	Growth Strategy	National	National	2
2019	Cooperative Policy	Functional	National	2
2019	Transforming Urban Curaçao	Sector	National	1
2020	Trade Policy	Functional	National	3

Note: The implementation ratings are based on inputs from the Ministry of Economic Development. Ratings are on a 1–5 scale and are interpreted as follows: no implementation (1), limited implementation (2), moderate implementation (3), mostly implemented (4), and full implementation (5). NA stands for not applicable, and it is assigned to studies as opposed to strategies.

Source: ITC.

Mutual evaluation report: anti-money laundering and combating the financing of terrorism (2012):⁵⁵ This evaluation, conducted by the Caribbean Financial Action Task Force, reviews Curaçao's institutional framework and the systems in place to deter money laundering and the financing of terrorism. The report notes that the island has characteristics (e.g. a good location, tourism, high connectivity, and high mobility of goods and services) that make it prone to money laundering. The evaluation finds that certain areas of the island's regulations need strengthening to comply with international standards.

Strategies for sustainable long-term economic development for Curaçao (2013):⁵⁶ This strategy, sometimes referred to as the *TAC Report*, was commissioned by the government soon after independence in 2010. The objective of the report is to "assist the Government of Curaçao to develop a sustainable and stable long-term economic strategy". The plan identifies the following challenges: insufficient investment, low productivity growth, and a burdensome regulatory and business environment. The plan also identifies the following strengths: a strong legal system, a generous EU tariff regime, a stable currency, substantial marine resources, and geographical and historical ties with prosperous and high-growth countries. The strategy recommended a large number of actions to resolve identified issues. These recommendations were only partially implemented.

Policy Document for Transnational Education in Curaçao (2014):⁵⁷ The study found that transnational education has the potential to develop into a relevant economic cluster for the island. In order to leverage this opportunity, Curaçao should focus on existing and new transnational education institutions. Opportunities were identified with regards to attracting Dutch internships and new universities in the fields of information technology, business, health or sustainable development.

Economic impact study, international financial services sector Curaçao (2014):⁵⁸ This study, requested by the Curaçao International Financial Center, estimates the outlook of the international financial sector and its impact on the economy of the island. The report notes that the sector contributes significantly to Curaçao's economy. At the time of the study, the outlook of the sector was worrisome, as companies foresaw that it would

develop negatively in terms of employment and revenue. Strategies proposed to overcome this outlook include: further marketing and promotion of the island; diversification and new niche product development; focusing on new and expanding markets in Latin America; and internationalization towards South America, the United States and Europe.

Regional business support organizations study (2015):⁵⁹ This study, commissioned under the COSME programme, creates an inventory of regional BSOs, formulates a business model for an umbrella organization for Caribbean OCTs, and outlines collaboration opportunities between the proposed umbrella organization and selected regional organizations.

Tourism Master Plan (2015–2020):⁶⁰ The Ministry of Economic Development and the Curaçao Tourism Board commissioned the Dick Pope Sr. Institute for Tourism Studies at the Rosen College of Hospitality Management at the University of Central Florida to develop a tourism master plan. The plan proposes six strategies to make the island one of the premiere Caribbean destinations by 2020:

- Refocusing demand structure towards the American market;
- Increasing airlifts from the US market and improving hotel marketing;
- Enhancing the quality of human capital through investment on education and training;
- Establishing a sustainable fund;
- Transforming Punda/Otrabanda into a tourist rendezvous area; and
- Developing Oostpunt as a sustainable destination through a sustainability programme.

Due to resource constraints, the Tourism Master Plan has been partially implemented. However, the island has been successful in attracting more tourists from North America.

National Development Plan Curaçao (2015–2030):⁶¹ The National Development Plan presents a vision of change for Curaçao along five interlocked themes –education, economy, sustainability, national identity and good governance. The plan calls for increasing growth through export diversification, labour flexibility,

55.– Caribbean Financial Action Task Force (CFATF), "Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism".

56.– TAC Applied Economic and Financial Research, "Strategies for Sustainable Long Term Economic Development for Curaçao".

57.– Ministry of Economic Development, "Policy Document for Transnational Education for Curaçao".

58.– Curconsult, "Economic Impact Study International Financial Services Sector Curaçao, Qualitative and Quantitative Research Among IFS Companies and Intermediaries" (draft).

59.– Fleming and Caribbean OCTs SME (COSME) Programme, "Baseline Study to Establish an Inventory of Regional BSOs and to Formulate a Strategic Approach for Collaboration Opportunities: Caribbean Overseas Countries and Territories (OCTs)".

60.– The Dick Pope Sr. Institute for Tourism Studies, "Curaçao: Building on the Power of the Past (Tourism Master Plan 2015–2020)".

61.– Government of Curaçao and UNDP, "Building on Strengths: National Development Plan Curaçao 2015–2030".

a more business-friendly climate, and targeted support to the key sectors of Curaçao's economy. The plan was drafted with the support of UNDP. The National Development Plan (NDP) has thus far seen moderate implementation.

Roadmap to E-Commerce (2016):⁶² This roadmap, prepared by the Curaçao Innovation and Technology Institute (CITI) for the Ministry of Economic Development, sets the direction for the development of e-commerce on the island. The roadmap identifies opportunities and constraints to developing and expanding the use of e-commerce. The priority areas the roadmap identifies include building an e-payment framework, passing relevant regulations, encouraging merchants to adopt e-commerce, and increasing awareness of e-commerce.

Trade and Investment Strategy (COSME; 2016):⁶³ As part of the COSME programme, a regional trade and investment strategy was created. This strategy assessed the potential of niche tourism, cottage industries, IT, creative industries, the green economy and professional services to contribute to economic development. Although detailed, the strategy leaves it to countries to implement the recommendations. Furthermore, recommendations are not country specific. In Curaçao, no implementation has occurred.

Intellectual Property Strategy for SMEs in Caribbean OCTs (2016):⁶⁴ The strategy, prepared under the COSME programme, supports the growth of SMEs in Caribbean OCTs through better use of intellectual property (IP). The strategy notes that Curaçao recently implemented new IP legislation and is actively promoting IP awareness through the Curaçao Bureau of Intellectual Property. Furthermore, Curaçao has products that could be protected under geographical indications (e.g. Curaçao cactus and Curaçao aloe). The strategy identifies the following challenges for the island: high registration costs, lack of information, high copyright litigation costs, IP valuation issues, and high costs of enforcement. Unfortunately, no implementation followed strategy design.

National Quality Policy (2017):⁶⁵ This report, prepared by the Ministry of Economic Development, is a strategy to build an internationally recognized quality infrastructure in Curaçao. The policy seeks to nurture a culture of quality management that leads to higher levels of productivity, innovation, trade competitiveness, health, and environmental protection. Key recommendations of the strategy include the establishment of a national quality council, the creation of a quality think tank to promote best management practices, and the encouragement of a quality culture through awareness campaigns.

Study of Air and Maritime Cargo Transport Development for Curaçao (2017):⁶⁶ This study, commissioned by MEO and the Cargo Group for the Foundation of Logistics,⁶⁷ focuses on how to preserve and expand sea and air cargo flows in Curaçao. The report assesses development opportunities in three segments: the port and maritime segment, the airport and air segment, and the free zones segment. For the maritime segment, no large opportunities were identified, but niche subsectors with growth potential include the mega-yacht sector, vessel dismantling and the establishment of a liquefied natural gas (LNG) terminal. For the air segment, the stationing of a full freighter in Curaçao with an established schedule has potential. Curaçao could also serve as an overflow destination for perishable cargo. Since the report, Dalsey Hillblom Lynn (DHL) has strengthened its presence in Curaçao (another opportunity cited by the report).

National Energy Policy for Curaçao (2017):⁶⁸ This policy was developed by the Ministry of Economic Development to strengthen the competitive position of Curaçao through efficient production and distribution of energy, all while reducing dependence on petroleum fuel imports. To achieve this goal, several key targets were outlined in the energy policy. They are: increasing solar electricity production, increasing wind energy, introducing natural gas as an energy source, investing in waste-to-energy, reducing the transport sector's energy consumption, increasing the energy efficiency of buildings, reducing electricity losses through wider use of a tariff structure and smart meters, and efficient system planning towards investments in energy and water infrastructure.

62.– Curaçao Innovation and Technology Institute, "Roadmap to E-Commerce".

63.– "Strengthening Regional Collaboration among the Caribbean Overseas and Territories, EU and the CARIFORUM: Trade and Investment Strategy".

64.– Anderson, Bertrand and Tore, "Project to Design a Strategy for the Registration and Use of Intellectual Property Rights as a Competitiveness Tool for Small and Medium Enterprises in the Caribbean OCTs".

65.– Ministry of Economic Development, Policy Department, "Final Report National Quality Policy Curaçao".

66.– The Foundation of Logistics (Stichting Ontwikkeling Projecten Logistieke Sector), "Final Report – Study of Air and Maritime Cargo Transport Development Between Curaçao, the Region and Europe".

67.– Stichting Ontwikkeling Projecten Logistieke Sector or SLS in Dutch.

68.– Ministry of Economic Development, Policy Department, "National Energy Policy for Curacao, Building a Sustainable Future".



Photo: CTB_2019_Visuals_Curaçao, City Beach.

Curaçao Smart Nation (2018):⁶⁹ Curaçao Smart Nation promotes the use of information and communication technology, and the internet of things to create “smart” applications that can be used for tasks and business opportunities. To transform the island into a “smart nation”, initiatives in Curaçao are identified such as: an educational programme to teach coding, training in entrepreneurial skills, and support for companies working in app development. A smart nation platform, presided by MEO, was set up in 2018 to oversee implementation.

Entrepreneurship and SME Policy (2018):⁷⁰ This policy, prepared for MEO by the Ecorys-COSME project, updates the 2011 SME policy. In order to promote entrepreneurship and SMEs, the policy follows seven principles: improve the business environment, design rules according to a “think small first approach”, make public administration responsive to SME needs, facilitate SME participation in public procurement, facilitate SME access to finance, promote skills, and support SME internationalization. To coordinate the provision of business support services, the establishment of a small business development centre (SBDC) was recommended. The policy also explicitly called for an export strategy.

A Roadmap for SDG Implementation in Curaçao (2018):⁷¹ The roadmap reviews Curaçao’s plans and their alignment to SDGs. The assessment found that most of the island’s planning was in line with SDG targets. Gaps were detected on gender equality (SDG 5), reducing inequality (SDG 10) and life on land (SDG 15). The roadmap identified policy areas that have a positive multiplier effect on SDG implementation and could contribute to addressing these gaps. The five areas identified are:

(i) environmental sustainability, (ii) improved education system, (iii) poverty reduction, (iv) empowered youth, and (v) inclusive and sustainable growth. With regards to environmental sustainability, the island needs to work on developing and implementing sustainable solutions towards the management of natural capital and disaster risk reduction and preparedness. In relation to an improved education system, the report found that Curaçao needs to adapt its system to the changing needs of students and the labour market. With regards to youth empowerment, the key challenges identified were high dropouts rates, inadequate training, unhealthy lifestyles, high youth unemployment and issues around domestic violence. Finally, in relation to inclusive and sustainable growth, the report found that the country should improve its tourism sector, innovation, competitiveness and business regulations.

Growth Strategy (2019–2023):⁷² This strategy, commissioned by the Government of Curaçao, aims to stimulate economic growth after several years of economic stagnation. Stagnation is attributed to structural shortcomings such as: weaknesses in the investment climate, lack of business confidence, shift in economic structure from the financial sector to tourism, and decrease in labour productivity. Other factors include the effect of the political crisis of Venezuela, insufficient government funds to cover expenses, and the termination of development aid from the Netherlands. The strategy encourages private investment (both local and foreign) in order to increase employment and generate more tax revenue. The implementation of the strategy highlights the need for a stable political-administrative climate and for support from all sectors of the island.

69.– “Vision Paper Smart Nation Platform Curaçao”.

70.– Ministry of Economic Development, Policy Department, and Caribbean OCTs SME (COSME) Programme, “Entrepreneurship and SME Policy for Curaçao”.

71.– UNDP, “A Roadmap for SDG Implementation in Curaçao”.

72.– Werkgroep Groeistrategie, “Growth Strategy”.

Annex III:

Inventory of trade support network

Policy support network

Institution	Description
Ministry of General Affairs	The Ministry of General Affairs is responsible for the quality of the rule of law, optimal internal and external communication, sustainable kingdom relations and foreign relations, strengthening of national identity and safeguarding national security. The prime minister heads the council of ministers who sets the priorities of the government.
Ministry of Finance	The Ministry of Finance promotes and oversees an effective and balanced financial, fiscal, Customs and Unusual Transactions Reporting Center (MOT) policy. It promotes responsible, efficient and legitimate acquisition and spending of government funds and monitors budgetary matters. The ministry also oversees international tax matters and the banking sector.
Ministry of Justice	The Ministry of Justice is responsible for the rule of law, law enforcement, security and public order within Curaçao.
Ministry of Economic Development (MED/MEO)	The Ministry of Economic Development gives direction to sustainable economic development of Curaçao to achieve a higher level of prosperity for Curaçao's society. It creates the right environment to stimulate a strong position and high-quality production by providing optimum services, working on strengthening economic structure and responding effectively to social and international developments.
Ministry of Health, Environment and Nature	The Ministry of Health, Environment and Nature is responsible for health, medicine and veterinary affairs, and coordinates institutions in charge of environment, agriculture and fisheries management and policy.
Ministry of Education, Science, Culture and Sport	The Ministry of Education, Science, Culture and Sport (OWCS) is committed to guaranteeing facilities to ensure that all residents of Curaçao have equal opportunities to fully develop and grow into a full-fledged person who can constructively build on his potential, participate and contribute to the economic and general social development of the community.
Ministry of Traffic, Transport and Urban Planning	The Ministry of Traffic, Transport and Urban Planning develops and implements policies on traffic, transport, infrastructure and spatial planning.
Ministry of Administration, Planning and Service	The Ministry of Administration, Planning and Service is responsible for maintaining the civil service and coordinating implementation of initiatives involving multiple ministries.
Ministry of Social Development, Labour and Welfare	The Ministry of Social Development, Labour and Welfare takes the lead to promote, together with all citizens, companies and institutions, the social development and well-being of the inhabitants of Curaçao in the direction of a sustainable, healthy, loving, safe, constructive, liveable, stimulating and emancipated living, learning, working and living environment. Family and youth, work and social development play a central role in this.
Central Bank of Curaçao and St. Maarten	The CBCS responsibilities are to maintain the external stability of the Netherlands Antillean guilder and to promote the efficient functioning of the financial system in Curaçao and St. Maarten.
Bureau for Intellectual Property (BIP)	The Bureau for Intellectual Property of Curaçao helps protect intellectual property to strike a balance between the interest of creators/innovators and the public interest, providing an environment in which creativity and inventions can flourish for the benefit of all.
Bureau Telecommunications and Post (BT&P)	The Bureau of Telecommunications and Post is a multi-sectoral independent supervisor and regulator that provides services and products on telecommunications, post, electricity, water, fuel, bitumen and airport tariffs.
Central Bureau of Statistics Curacao (CBS)	The Central Bureau of Statistics Curacao (CBS) is the independent and officially recognized provider of relevant statistical information on all social, demographic and economic areas.
Fair Trade Authority Curaçao	The Fair Trade Authority Curaçao is the independent competition authority of Curaçao. It monitors and, if necessary, enforces the rules for free and undistorted competition under the National Ordinance on competition.

Trade services network

Institution	Description
Curaçao Chamber of Commerce and Industry (CCCI)	The CCCI represents the interests of the Curaçao business community, registers new businesses, and provides information and services to local and international companies with an interest in doing business in Curaçao.
Curinde	Curinde is committed to attract, assist and stimulate international trading and production companies to operate in the e-zones of Curaçao and to be an internationally recognized facilitator of production and trade of high-value goods, providing excellent commercial services to its customers.
Customs Curaçao	Customs Curaçao is responsible for monitoring Curaçao's borders. It records the flow of persons and goods across Curaçao's borders, as well as levying relevant duties.
Curaçao Ports Authority (CPA)	The CPA coordinates arriving and departing vessels and develops and manages all ports in Curaçao, ensuring quality nautical services, and safety and security in the ports in an environmentally responsible manner, based on the "landlord port" model.
Curaçao Investment and Export Promotion Agency (CINEX)	CINEX is Curaçao's trade and investment promotion body. It seeks to attract foreign direct investment, as well as to promote and encourage the export of local products and services in order to boost economic development.
Qredits	Qredits is a microfinance organization. It helps entrepreneurs start and invest in their business.
Curaçao's Sustainable Development Bank (Korpodeko)	Korpodeko finances businesses and projects that contribute to the achievement of the Sustainable Development Goals.
Ontwikkelingsbank van de Nederlandse Antillen N.V. (OBNA)	OBNA is a development bank that financed relevant projects for the economic development of former the Netherlands Antilles.
Curaçao Development Institute (CDI)	As the national investment and development institution of Curaçao, the CDI established a guarantee fund to provide credit guarantees and (quasi) equity guarantees to financial institutions, in order to facilitate access to capital for the financing of business growth. These financial guarantees will also cover business sectors with high export potential, as per the government's investment mandate.
Curaçao Innovation and Technology Institute (CITI)	CITI encourages innovation and promotes the use of new technologies for businesses in Curaçao. It also supports start-ups and runs incubation programmes.
Curaçao Trade and Industry Association (VBC)	The VBC is a private sector business association. It protects and represents the interests of its members, and maintains links with domestic as well as foreign public and private organizations.
Association of Small Entrepreneurs Curaçao (ADECK)	ADECK is a private sector business association. It promotes cooperation among small business owners and represents small business interests to the government and other stakeholders.
Curaçao Manufacturers Association (CMA)	The CMA is a sector body charged with protecting the interests of manufacturers so that they are able to compete in international markets.
Curaçao International Financial Services Association (CIFA)	CIFA is the representative association of professionals in Curaçao's international financial services sector. It advises government agencies and monetary authorities on sectoral issues and lobbies for new laws and regulations around fiscal, corporate and compliance affairs.
Curaçao Hospitality and Tourism Association (CHATA)	CHATA is a private sector association of hotels and other tourism companies. It represents their interests to the government and seeks to promote Curaçao's tourism industry.
Curaçao Tourism Board (CTB)	The CTB is responsible for marketing Curaçao as a leisure and business destination. It seeks to coordinate planning, promotion and management of tourism-related activities in Curaçao.
Curaçao Exporters Association (CEA)	Dormant. Main objective is to stimulate export.
Curaçao Bankers Association	Association of local bankers.
Curaçao International Financial Center (CIFC)	The CIFC is a public-private partnership between the Government of Curaçao and public institutions with key players of the financial sector of Curaçao. The CIFC's board unites local and international banking associations, trust and funds sectors, accounting and tax advisory, legal specialists, logistics industry and a number of business associations with the Central Bank and the Ministries of Economic Affairs and Finance.
Curaçao Foundation for the Development of the Logistical Sector (SLS)	The Curaçao Foundation for the Development of the Logistical Sector (SLS) has as main objective: fostering the development of the logistics sector in Curaçao through attracting knowledge to Curaçao, creating an enabling environment, development of infrastructure and (financially) stimulate the growth of the logistics sector through projects. The SLS offers, besides the renowned quality of its exported services, an innovative and integrated approach of facilitating international businesses in an ever-evolving market. Curaçao is a pioneer and facilitator in the international flow of goods, services and passengers.

Business services network

Institution	Description
Association of International Bankers (IBA)	The IBA is the representative body of the international banking community in Curaçao.
Curaçao and Bonaire Insurance Association (CBIA)	The CBIA represents all licensed insurance companies in Curaçao and Bonaire. It helps identify emerging trends and responds to issues affecting the insurance industry.
Curaçao International Financial Services Association (CIFA)	CIFA is a private sector association that represents professionals in the international financial services sector. It provides advice to government, regulatory agencies and the central bank on matters relating to the financial sector.
Curaçao Shipping Association (SVC)	Association of shipping agencies with the objective to coordinate and manage transport to and from Curaçao. *Are willing to become more active in the future (561 9156).
Association of Netherlands Antillean Tax Advisors	The Association of Netherlands Antillean Tax Advisors advocates and defends the interests of tax advisors and their clients with respect to tax issues (736-6300).
Curaçao International Financial Centre (CIFC)	The CIFC offers an innovative commitment from the financial industry partners, government and regulatory delegates of Curaçao to promote greater awareness of Curaçao's strengths as an international financial service centre. As a public-private partnership between all financial service industry players, the CIFC supports common goals that lead to the development of new compliant and cutting-edge products and services.

Civil society network

Institution	Description
University of Curaçao (UoC)	The UoC is Curaçao's national university. It is charged with providing students with world-class education in a broad set of fields, including engineering, business management, law and economics.
The University of Curaçao Research Institute (UCRI)	The UCRI is a structured platform mainly for candidates working on high-quality scientific doctoral research. It aims to support candidates seeking to complete their research activities with a doctorate at the University of Curaçao.
Inter-Continental University of the Caribbean (ICUC)	The ICUC specializes in providing tertiary education in education management, accounting, hospitality and tourism, and management and leadership.
Central General di Trahadonan di Korsou (CGTC)	The CGTC is an influential trade union federation. It is affiliated with the International Trade Union Confederation.
Fundashon pa Konsumido	Fundashon pa Konsumido is a foundation with an independent position on consumption, encompassing economic and social perspectives.
Curaçao Cares – Center for Volunteerism & Non-Profit Support	Curaçao Cares is a centre for volunteerism and non-profit support. It aims to inspire action and create volunteer opportunities for individuals.
Amigu di Tera Curaçao (Friends of the Earth Curaçao)	Amigu di Tera is an environmental and social advocacy non-governmental organization.
The Curacao Federation of Cooperatives (Fekoskan)	Fekoskan is a cooperative knowledge centre and network that contributes to the reinforcement of cooperative entrepreneurship in Curaçao.
Antilliaans Dagblad	Antilliaans Dagblad is a local Dutch morning newspaper from Curaçao, Bonaire, Aruba in Sint Maarten.
Extra Productions NV	Extra is the number 1 newspaper of the island of Curacao providing local, sport, fashion and international news.
Radio Direct 107.1FM	Radio Direct 107.1FM is a local radio station that broadcasts live from Willemstad Curacao to the world.
Radio Mas 99.7	Radio Mas 99.7 is a local radio station that broadcasts live from Willemstad, Netherlands Antilles to the world.
TeleCuraçao	TeleCuraçao is a television station that broadcasts in analogue on the NTSC 8 channel in Curaçao, with a Bonaire repeater on Channel 6.
TV Direct	TV Direct is a high-definition television channel available on different cable services. It offers high-quality local entertainment and news.

Annex IV:

List of vocational and tertiary education courses

This annex provides detailed information on Curaçao's education system, the vocational and tertiary education courses available in Curaçao, as well as the number of students undertaking each course in recent years.

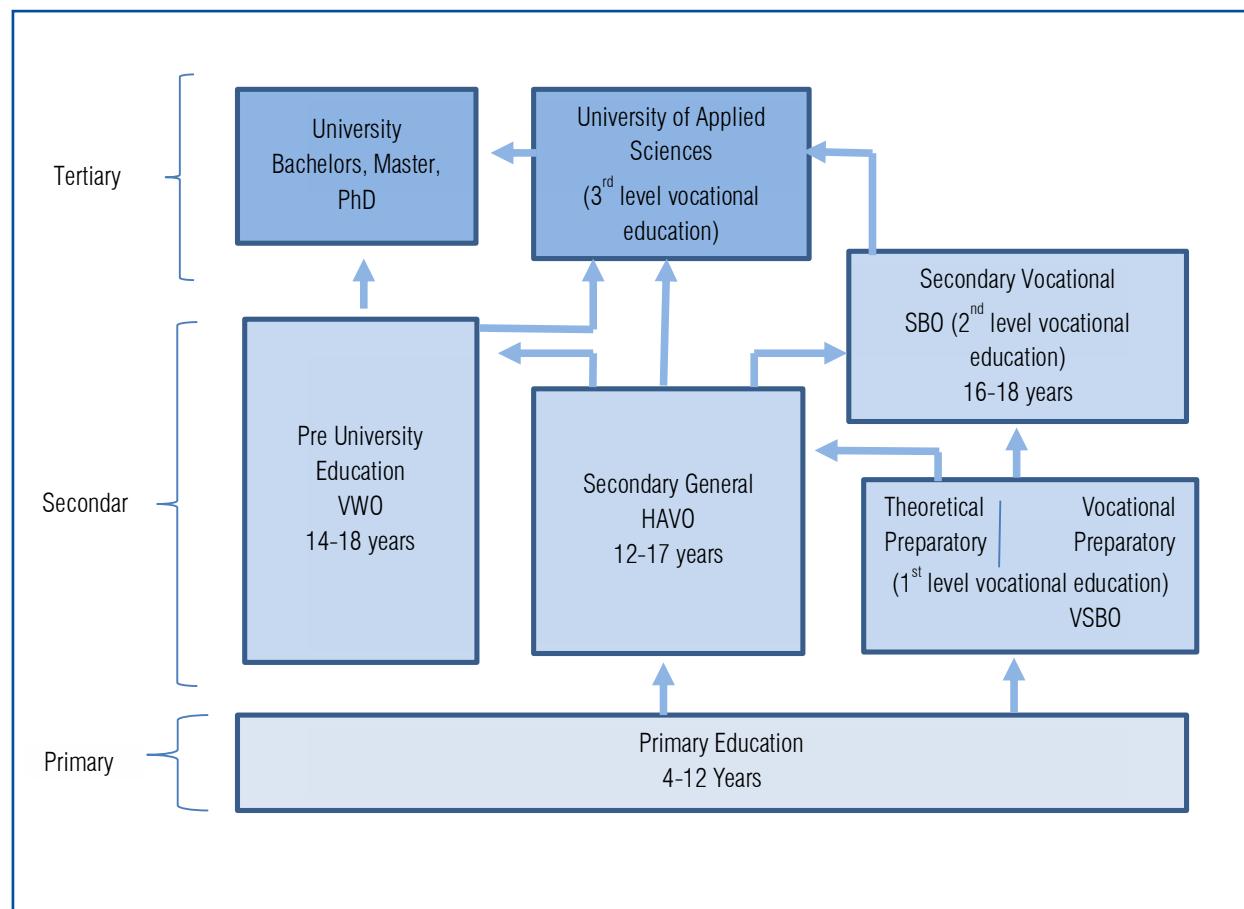
CURAÇAO'S EDUCATION SYSTEM

Curaçao's education system is based on the Dutch system and consists of three levels: primary, secondary and tertiary education. Primary education starts when the student is four years old and has a duration of eight years. Once this period is completed, students take an exam to determine their secondary education stream. Secondary education can take three forms: (i)

pre-university education (referred to as VWO), (ii) general secondary education (referred to as HAVO), or (iii) vocational education at the first level (referred to as VSBO) followed by vocational education at the second level (referred to as SBO).

After secondary vocational education, students are ready for low- to middle-level vocational employment. Tertiary education can be undertaken at the University of Curaçao or one of three other tertiary education institutions collectively referred to as "universities of applied sciences". The Ministry of Education inspects and monitors the quality of education. The government fully subsidizes primary and secondary education.

Overview of education system



Source: ITC.

SECONDARY EDUCATION

The educational possibilities and skills produced by the island are varied. Students begin their path towards a specialization during secondary education. As previously mentioned, students are evaluated through an exam at completion of elementary school to determine secondary education (the “EFO toets”). Approximately 2,000 students graduate from elementary school every year. Based on the exam results, in 2014–17, 66% of students entered the vocational school system (VSBO) and 21% entered the secondary general education (HAVO).

VOCATIONAL EDUCATION

There are eight different secondary vocational schools in Curaçao (one private and seven public). At the vocational schools, students can choose between three main sectors: the technical sector, the economic sector, and the care and well-being sector. Each sector consists of four levels. The levels indicate the employment position graduates are capable of holding. Students can obtain employment after completing each level or continue their studies into the tertiary education system after graduating from the final level.

The technical sector includes qualifications such as electrical technicians, engineers and ICT managers. The care and well-being sector offers qualifications for professions such as hairdressing, clothing designers, care workers and educational workers. The economic sector includes qualifications such as baker, hospitality employees, tourism employees, administrative employees and computer technology employees.

From an examination of enrolments and graduations in 2013–17, it is clear that most students opt for the economic sector (813 students) and technical sector (512 students). In terms of graduations, the sector with the highest pass rate is the technical sector (77%) and the sector with the lowest pass rate is the economic sector (62.9%). In terms of gender, the technical sector has a majority of male students while the economic and care and well-being sectors have a majority of female students.

TERTIARY EDUCATION

After the completion of secondary education, students enter tertiary education at one of the four institutions in the country. Vocational programme Level 4 graduates and HAVO graduates can attend the applied science programme. The VWO students can attend either the science programme or the applied science programme.

The University of Curaçao (UoC) is the only government-subsidized university in the country. It offers both science as applied science programmes, in English and Dutch. It has a total of 350 new enrolments per year. The university has two kinds of degrees: bachelor's degrees and master's degrees. Among the bachelor's degrees, students can study business administration, education, law, social work, accounting and human resources, among others. Among the master's degrees, students can choose specializations such as law, business management, social work and education.

In 2018–19, there were 280 graduates from different programmes. With regards to the bachelor's degrees, most students obtained a Bachelor of Applied Science in Business Administration. With regards to the master's degrees, most students obtained a Master of Law.

VOCATIONAL EDUCATION: THE TECHNICAL SECTOR

Qualification	Total			% Passed
	M	F	Total	
Aspiring welder	12	1	13	61.5%
Automotive technology assistant	7	0	7	42.9%
Bricklaying assistant	8	0	8	75%
Assistant refrigeration technician Installation Level 1	13	0	13	92.3%
Assistant power current installation Level 1	21	1	22	100%
Assistant painting	9	0	9	33.3%
Assistant implementer Level 1	10	4	14	78.6%
Arc welding	10	1	11	72.7%
Refrigeration technician installation Level 2	5	0	5	100%
Mechanic assembly maintenance Level 2	7	1	8	87.5%
Fitter strong current installation Level 2	19	0	19	100%
Shipper (restricted working area)	4	0	4	100%

Qualification	Total			% Passed
	M	F	Total	
Service employee ICT Level 2	48	3	51	72.5%
Industrial maintenance engineer Level 3	27	1	28	92.9%
High voltage installation engineer Level 3	68	5	73	86.3%
IT management officer Level 3	30	5	35	62.9%
Assistant mechanic small ships Level 3	13	1	14	100%
Continued carpentry power Level 3	22	0	22	72.7%
Automation energy technology Level 4	9	1	10	100%
Engineering Level 4	18	7	25	92%
ICT manager Level 4	43	16	59	57.6%
Network administrator Level 4	11	3	14	64.3%
Technical engineer strong current installations Level 4	27	0	27	77.8%
Telematics Level 4	8	0	8	100%
Mechanical engineering Level 4	12	1	13	53.8%
Total	461	51	512	77.7%

VOCATIONAL EDUCATION: THE CARE AND WELL-BEING SECTOR

Qualification	Total in the programme			% Passed
	M	F	Total	
Care assistance Level 1	1	36	37	85.7%
Assistant clothing design Level 1	0	11	11	54.5%
Helper well-being Level 2	7	7	7	100%
Assisting care Level 2	8	35	43	65.1%
Afro and straightener hairdresser Level 2	1	22	23	89.5%
Social educational worker Level 2	4	52	56	83.3%
Social educational worker Level 3	3	73	76	65.8%
Care Level 3	4	21	25	80.6%
Patient care Level 3	2	12	14	35.7%
General nursing Level 4	10	83	93	52.7%
Doctor's assistant Level 4	0	5	5	60%
Operation assistant Level 4	1	3	4	100%
Social educational worker Level 4	5	96	101	75.2%
Sports and exercise coordinator Level 4	9	4	13	53.8%
Total	55	460	508	64%

VOCATIONAL EDUCATION: THE ECONOMIC SECTOR

Qualification	Total in the programme			% Passed
	M	F	Total	
Assistant baker Level 1	7	19	26	57.7%
Catering assistant Level 1	20	29	49	49%
Bread and pastry chef Level 2	2	12	14	92.9%
Host Level 2	1	1	2	50%
Cook Level 2	10	7	17	70.6%
Business administration Officer Level 2	18	36	54	70.4%
Commercial administrative assistant Level 2	14	27	41	63.4%
Tourist information and travel officer Level 2	4	15	19	89.5%

Qualification	Total in the programme			% Passed
	M	F	Total	
Receptionist/operator Level 2	4	30	34	64.7%
All-round bread and pastry shop Level 3	1	1	2	100%
Independent tourist information and travel employee Level 3	9	34	43	37.2%
Independently working chef Level 3	12	5	17	64.7%
Independently operating host Level 3	0	2	2	100%
Accounting assistant Level 3	43	84	127	61.4%
Secretary Level 3	1	14	15	40%
Facility manager Level 4	6	6	12	91.7%
Hospitality entrepreneur manager Level 4	2	4	6	50%
Middle management tourism information officer and travel Level 4	6	22	28	75%
Administrator Level 4	61	110	171	64.9%
Administrative legal assistant Level 4	4	18	22	72.7%
Commercial employee bank and insurance Level 4	18	30	48	52.1%
Commercial marketing and communication employee Level 4	4	20	24	7.8%
Executive secretary/management assistant Level 4	3	13	16	62.5%
Entrepreneur manager retail Level 4	2	6	8	75%
Social legal assistant Level 4	4	12	16	50%
Total	256	557	813	62.9%

TERTIARY EDUCATION: UNIVERSITY OF CURAÇAO

	2017–18	2018–19
Bachelor:		
Bachelor of Education in English	6	8
Bachelor of Education in Spanish	7	8
Bachelor of Education in Dutch	2	2
Bachelor of Education in Papiamentu	2	7
Bachelor of Education in Foundation-Based Education	13	14
Bachelor of Laws	20	17
Bachelor in Social Work	42	19
Bachelor of Science in Accounting	11	5
Bachelor of Applied Science in Business Administration	74	71
Bachelor of Science in Accountancy and Controlling	13	17
Bachelor of Science in Business and Economics	9	9
Bachelor of Science in Business Administration	2	1
Bachelor of Applied Science in Fiscal Law and Economics	28	5
Bachelor of Applied Science in Human Resource Management	4	10
Bachelor in Architectural Engineering	6	3
Bachelor in Civil Engineering	3	2
Bachelor in Electrical Engineering	4	8
Bachelor in Information and Communications Technology	7	3
Bachelor in Industrial Engineering	2	3
Master:		
Professional Master of Education in English	4	3
Professional Master of Education in Dutch	1	1
Professional Master of Education in Papiamentu	1	5
Professional Master in Special Educational Needs	3	0

	2017–18	2018–19
Master of Laws	12	19
Professional Master Social Work	3	4
Professional Master Techno MBA	4	10
Total	283	254

TERTIARY EDUCATION: INTERCONTINENTAL UNIVERSITY OF CURAÇAO

	2017	2018
Bachelors		
Bachelors of Business Administration	9	19
Bachelors of Accountancy	0	5
Bachelors of Hospitality	6	5
Pre-Bachelors	0	9
Master		
Master in Education	1	4
Master of Business Administration	26	16
Total	42	58

TERTIARY EDUCATION: UNIVERSITY AND COLLEGE OF THE DUTCH CARIBBEAN

	2017–18	2018–19
Bachelor International Business Studies:		
International Business	0	0
International Business Studies: specialism in communication	0	0
International Communication Management – Public Affairs	0	0
International Communication Management – Business Communication	0	0
International Communication Management – Journalism	0	0
Bachelor of Business Administration (BBA) Majors:		
Accountancy	1	3
Fiscal Economy	0	1
Business Economics	2	7
Commercial Economics	4	2
Banking and Insurance	1	6
Management Economics and Rights	1	2
Sport, Management	1	2
Small business and Retail Management	1	0
Bachelor of Laws (LL.B.):		
HBO – Rights	7	7
Social Justice	0	1

TERTIARY EDUCATION: INSTITUTION FOR NURSING EDUCATION

This institution is the official nursing education of the island. It provides bachelor's equivalent programmes upon request of the medical field. It has three specific bachelor's programmes: nursing, nursing teaching,

and social work in nursing. The NES team was unable to acquire statistics on the graduates for these programmes for 2018–19.

Annex V:

Model enactment for a national export council

CURAÇAO NATIONAL EXPORT STRATEGY MODEL ENACTMENT FOR SETTING-UP A NATIONAL EXPORT COUNCIL

Article 1: Functions

1. The National Export Council is an independent body for public/private deliberation that acts in an advisory capacity to the government and the private sector over issues related to or affecting the National Export Strategy.
2. The National Export Strategy covers the international competitiveness of the business community, export development and performance, and specialized needs of sectors with high export potential.
3. The National Export Council:
 - a. Elaborates and recommends adoption of a national export strategy that will best respond to the needs and long-term interests of the national business community;
 - b. Coordinates and monitors the implementation of the National Export Strategy by the government, its agencies and private sector organizations;
 - c. Identifies and recommends allocation of resources necessary for the implementation of the National Export Strategy;
 - d. Assesses the effectiveness and the impact of the National Export Strategy.

Article 2: Structure and organization

1. The National Export Council consists of:
 - a. a) The council's General Meeting, which is the supreme organ of the National Export Council, with the exclusive authority to: (i) fulfil the functions of the National Export Council; (ii) adopt resolutions and recommendations in the name of the council; (iii) establish and amend the internal regulations and procedures of the National Export Council and its subordinate organs; (iv) create and dissolve specialized committees; (v) appoint and replace [the members of the Board of Directors (if any) and] the secretary general; (vi) act on all other matters not expressly reserved by these articles to [the Board of Directors (if any) or] the secretary general;
 - b. b) The secretary general, responsible for: (i) the day-to-day management of the National Export Council and its Secretariat; (ii) preparation of reports on all issues that do not fall under the authority of a specialized committee to be referred to the council's General Meeting for deliberation; (iii) recruitment of the secretariat's staff; (iv) communication with departments, organizations or institutions represented within NEC;
 - c. c) The secretariat, assisting the secretary general in the day-to-day management of the National Export Council;
 - d. d) Specialized committees, ad hoc or permanent, and in particular a strategy core committee created by decision of the council's General Meeting, and responsible for preparing detailed reports or recommendations to the council's General Meeting for deliberation.

Article 3: Composition of the council's General Meeting

1. The council's General Meeting is composed of [an equal number of] representatives from the public and the private sector.
2. Each representative is appointed by the department [ministry],⁷³ agency, association, organization or corporation that she or he represents.
3. The following [or their equivalents] shall each have one appointed representative on behalf of the public sector at the council's General Meeting:
 - Department [Ministry] of Commerce, Trade and Industry;
 - Department [Ministry] of Foreign Affairs;
 - Department [Ministry] of Interior;
 - Department [Ministry] of Economics;
 - Department [Ministry] of Agriculture;
 - Department [Ministry] of Finance;
 - Central bank;
 - Export development agencies;
 - Customs authorities;
 - Heads of the major public corporations;
 - [List to be completed].
4. The following shall each have one appointed representative on behalf of the private sector at the council's General Meeting:
 - Major export-oriented companies;
 - Chamber(s) of Commerce and Industry;
 - Labour unions;
 - Trade and employer unions;
 - Association of industrial and agricultural producers;
 - [List to be completed].
5. Each representative of the public sector is appointed and replaced in accordance with the decision of the public entity represented. Each representative of the private sector is appointed and replaced according to the internal rules and procedures of the organization or corporation represented [subject to the minimum tenure of one year].

Article 4: Council's General Meeting

1. Council's General Meetings are convened at regular intervals, but at least once every three months. The chairman of the council's General Meeting can, on its own motion or upon recommendation by the secretary general, convene extraordinary meetings.
2. The secretary general shall serve a written notice on each representative indicating the date of the meeting. The notice shall be accompanied by the meeting agenda and the reports detailing the issues to be debated and resolved.
3. The notice should be served at the latest 15 days before the scheduled council's General Meeting except for urgent matters or extraordinary meetings as provided above under Paragraph 1.

73.– Square brackets identify options that should be considered when drafting national legislation.

Article 5: Agenda

1. Each representative at the council's General Meeting [or an accredited outside organization] may bring an issue that falls within the functions of the National Export Council to the attention of the secretary general for referral to the council's General Meeting for debate and deliberation.
2. The secretary general shall establish an agenda for the council's General Meeting. The agenda should indicate those issues that were brought to the attention of the secretary general, but were finally dismissed.
3. The secretariat shall prepare, under the authority of the secretary general, a summary report on the issues that are placed on the agenda, along with any relevant supporting documents that are to be referred to council's General Meeting.
4. Issues proposed by special committees are placed on the agenda of the next meeting. The committee requesting an issue to be placed on the agenda is responsible for preparing a detailed report on that issue.

Article 6: Deliberations and voting

1. The Secretary [Minister] of the Department [Ministry] of Trade and Industry shall act as the chairman of the council's General Meeting. [Option: co-chairmanship.]
2. The quorum (minimum participation requirement) is reached if a minimum of 50% of the total number of representatives are present at the meeting.
3. Each representative should be given a reasonable opportunity to submit written comments or to make statements orally at the council's General Meeting on the issues placed on the agenda.
4. The council's General Meeting's resolutions and recommendations are to be adopted, to the extent possible, unanimously.
5. Failing unanimity, the council's General Meeting's resolutions are adopted by a simple majority vote of the representatives present at the meeting.
6. Each representative has one vote at the meeting. In the event of deadlock, the chairman [option: co-chairmen] shall have a casting vote.
7. Records and minutes of the council's General Meeting shall be made accessible to the public.

Article 7: Financing and compensation

1. The Department [Ministry] of Trade and Industry [Foreign Trade] shall determine and finance the annual budget of the National Export Council.
2. Representatives at the council's General Meeting shall receive no compensation by virtue of their service on the council.
3. The employment contract and the salary of the secretary general and the staff of the secretariat are determined by the Department [Ministry] of Trade and Industry [Foreign Trade] in accordance with the tariffs applicable to the employees of that department [ministry].



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