

Inter Kingdom Sustainable Business Relations

Raising the Bar

By The Governor of Sint Maarten

His Excellency, drs. Eugene B. Holiday

Delivered At The

18th InterExpo Trade Mission; Congress & Matchmaking on
“Sustainable Business Between The Kingdom Of The Netherlands and
The Caribbean Region”

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1. Introduction

Ladies and gentlemen, good evening, goeden avond, bon nochi.

It is my pleasure to greet all of you on this occasion for the opening of the 18th Trade Mission; Congress & Matchmaking on “Sustainable Business Between The Kingdom Of The Netherlands and The Caribbean Region”. In doing so, my wife Marie-Louise and I wish to recognize my colleagues the Governor of Aruba, His Excellency Fredis Refunjol as well as the Governor of Curacao, Her Excellency Lucille George-Wout and her husband Mr. Herman George.

I will also like to acknowledge the Presidents of the Parliaments, the Honorable Marisol Lopez-Tromp of Aruba, the Honorable Mike Franco of Curacao and the Honorable Gracita Arrindell of Sint Maarten. In addition, I wish to acknowledge the presence of the Prime-Minister of Aruba, the Honorable Mike Eman as well as of the King’s Commissioner of Overijssel, Ank Bijleveld-Schouten. To all our guests from overseas I extend a warm welcome to Sint Maarten.

As I said we are here for the opening of the eighteenth trade mission. Eighteen missions is a long time. 18 is a special number in a person’s life. Turning 18 is a person’s first step down the road of legal adulthood. It is the year that we are allowed to vote, to drive and for business purposes to sign contracts (such as to work, rent an apartment, buy a car or take out a loan) in our own name. This 18th trade mission provides a platform for signing new contracts and serves as testimony of the commitment of Interexpo Caribbean to this event. I therefore

congratulate Mr. Oerlemans with this event. And more specifically, I applaud your decision to choose Sint Maarten as the location for this year's mission and hope that this eighteenth mission will result in the signing of several partnership contracts.

Ladies and Gentlemen,

The theme of the trade mission: Congress & Matchmaking on "Sustainable Business Between The Kingdom of The Netherlands and The Caribbean Region" focusses on three points. The first focus point is sustainability. The second focus point is inter Kingdom business relations. And the third focus point is the potential for trade ties between the Kingdom and the wider Caribbean. A review of these three aspects gives rise to several thoughts and perspectives.

In the next few minutes I shall, against backdrop of the Kingdom's economies, talk about the need to raise the bar towards creating sustainable business opportunities. The title of my address therefore is: Inter Kingdom Sustainable Business Relations - Raising the Bar.

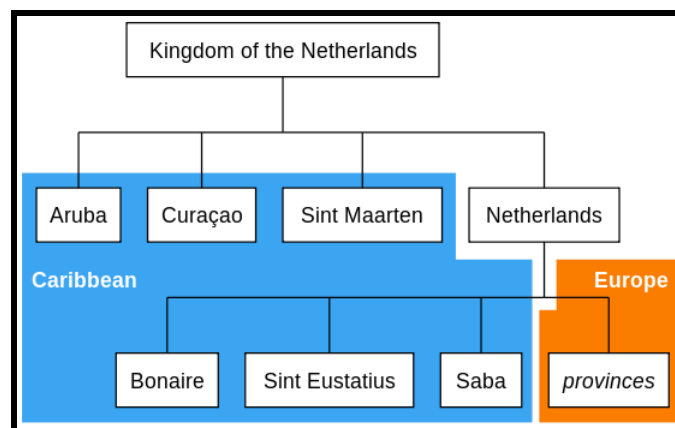
2. The Economic Context.

When we speak about doing business within the Kingdom and between the Kingdom and the Caribbean region, it is important to have some perspective on the economic and business environment of the area. After all, any discussion about plans for business investments must be anchored in an understanding of the relevant conditions as well as of past and present developments. To do so, I shall begin by providing a

brief outline of the economic setting of the Kingdom and the Caribbean.

As of October 10th, 2010 the Kingdom of the Netherlands is comprised of 4 countries: Aruba, Curaçao, Sint Maarten and the Netherlands, with Bonaire, Saba and Sint Eustatius integrated as public entities in the Netherlands.

Scheme 1: Structure Kingdom of the Netherlands and geography of its four member countries



Source: Wikipedia File:Kingdom of the Netherlands location tree.svg

The Kingdom is thus geographically located in both Europe and the Caribbean. All four countries are located in the Caribbean. While two of the countries have physical borders with the European Union, specifically the Netherlands, the Kingdom's largest member country, as well as Sint Maarten, the Kingdom's smallest member country. As such the Kingdom enjoys a considerable location advantage.

In addition to its geography, the Kingdom is rich in cultures, with varying scales in terms of area, population and economies between its constituent members.

The scale of the economies measured in Gross Domestic Product range from about USD.800 billion in the Netherlands to about USD.0.8 billion in Sint Maarten¹. While the GDP of Curacao and Aruba is about USD.3.0 billion and USD.2.7 billion, respectively². Expressed per head of the respective populations these GDPs translate in per capita incomes of about USD.47.6 thousand in the Netherlands³, about USD.26.1 thousand in Aruba⁴, about USD.21.2 thousand in Curacao⁵ and about USD.19.3 thousand in Sint Maarten⁶.

Whereas these figures show that the average of the per capita incomes of Sint Maarten, Curacao and Aruba is less than half of that of the Netherlands, they only show part of the picture. Namely, they do not say much about the specific features and characteristics of the economies of the countries of the Kingdom of the Netherlands – for example that they all have significant unemployment rates ranging from 8.7% in the Netherlands, 9.6% in Aruba, 13% in Curacao and 12% in Sint Maarten. Important to note however is that these per capita income data provide a first indication of the relative, collective and individual economic potential of the Countries in the Kingdom. This is evident when compared to the per capita income of the other Caribbean countries. When compared to the wider Caribbean the per capita income of Sint Maarten, Aruba and Curacao rank among the highest in the Caribbean. Moreover a review of the per capita incomes in the other Caribbean countries show that they differ substantially

¹ RBC economic report april 2014

² RBC economic report april 2014

³ World Economic Outlook database April 2014

⁴ RBC economic report april 2014.

⁵ RBC economic report april 2014.

⁶ RBC economic report april 2014.

from country to country. Notably are the relatively high per capita incomes in The Bahamas of about USD.23.2 thousand, in Trinidad and Tobago of about USD.17.9 thousand and in Barbados of about USD.16.3 thousand. While that of Jamaica at about USD.5.5 thousand, that of the Dominican republic at about USD5.5 thousand and that of Guyana at about USD.3.5 thousand are on the low end.

3. Inter Kingdom Business Relations - Reviewed

It is therefore not surprising that investors from outside and inside the Kingdom have tapped into and helped to reinforce this economic potential. In particular there have been significant inter Kingdom trade and investments over the years.

Without claiming or pretending to be complete, time simply does not permit, inter Kingdom business relations starting in the 20th century are characterized or shaped by a number of private direct and indirect Dutch Investments in and partnerships with a variety of sectors in Sint Maarten, Aruba, Curacao and Bonaire⁷. This is reflected in the following examples⁸:

- a. First, in the energy sector with the establishment of the Shell refinery in Curacao in 1917 which conducted operations until 1985;

⁷ Noteworthy is that there have also been investments

⁸ The examples do not include investments funded by Dutch development funds.

- b. Second, in the banking sector through in particular ABN⁹ which established operations in Curacao as far back as 1918 and subsequently opened offices in Aruba and Sint Maarten. It closed operations in the Caribbean part of the Kingdom in 2013.
- c. Third, in the transportation sector through KLM operations and offices in Curacao, Aruba, Sint Maarten and Bonaire with the first flight to Curacao in 1934 and to Sint Maarten in 1943. These operations are ongoing;
- d. Fourth, in the construction sector through various construction companies, amongst which, Janssen de Jong, Windward Roads, Ballast Nedam and MNO Vervat;
- e. Fifth, in the utilities sector through the establishment of OGEM¹⁰ operations in Sint Maarten between 1960 and the early 1980s.
- f. Sixth, in the hotel sector with the Van der Valk Hotel in Curacao and Bonaire and Holland House in Sint Maarten;
- g. And seventh, in the retail sector with Albert Heijn supermarkets in Curacao.

These investments and other partnerships, such as that of Schiphol with Princess Juliana International Airport on Sint Maarten in the second half of the 1990s as well as the partnership of Schiphol with the Reina Beatrix International Airport of Aruba have, in general, served as win-win investments. From the perspective of the Caribbean Part of the Kingdom these investments and partnerships have served to broaden

⁹ In 1918 the Rotterdamsche Bank and the NHM, together with smaller shareholders such as the Royal West India Mail/Royal Netherlands Steamship Company and the subsidiary of Shell which ran Curaçao's refinery, as well as the Bank of Suriname decided to create a similar bank for the West-Indies. The Hollandsche Bank voor West-Indië was established with head office in Amsterdam to operate branches in Willemstad, Curacao. Hollandsche Bank-Unie, From Wikipedia, the free encyclopedia.

¹⁰ Overzeese Gas en ElectriciteitsMaatschappij.

and strengthen the economic base of the islands and to increase economic activities and growth¹¹. And from the perspective of the European part of the Kingdom, these investments or partnerships have served to expand the market and business opportunities of Dutch companies.

A review of the nature of these business relations learns:

- That the investments have been in various sectors of the economies;
- That they primarily involved investments from the Netherlands in Curacao followed by Aruba and Sint Maarten;
- That they have, in large part, been long term business relations; and
- That following significant interest and investments over the years there seems to have been some retrenchment of Dutch European Businesses out of the Dutch Caribbean.

These observations and experiences give rise to the following question: given the varied, the long history and the experiences of inter Kingdom business relations, are there new business opportunities?

4. Identifying Sustainable Business opportunities

In answering that question I believe that when considering any new investments or partnerships one should at least keep the following preconditions in mind.

¹¹ Noteworthy is that foreign investments from outside of the Kingdom have also played a key role in the development and growth of the economies of the Caribbean part of the Kingdom.

- a. They should serve to build on the strengths of the economies of the countries.
 - In the case of Sint Maarten it has, in the last 50 years, built up a substantial amount of knowledge and expertise in the service industry and specifically in the area of tourism;
 - Moreover it is doubtful if there is space on the island to establish a “*viable manufacturing*” industry;
- b. In addition, it is not advisable to develop new economic activities which will conflict with the tourist industries of in particular the Caribbean part of the Kingdom;
- c. At the same time it should be the objective to seek and develop high added value activities; and
- d. The activities should be sustainable and free from negative side effects for the environment and community.

Based on these preconditions, and speaking from a Sint Maarten perspective, it is advisable to pursue investment opportunities and partnerships towards the expansion and strengthening of its international services sectors. That is to solidify Sint Maarten’s role as a regional services center. In addition to its role as:

- *First, a primary regional tourist destination; and*
- *Second, a regional trade and transshipment center*

Sint Maarten has the potential to grow into:

- *A regional medical services center; and*
- *A regional educational services center.*

Namely the basic infrastructure for the development of these sectors is already on the island. Forging partnerships within the Kingdom and the Caribbean in the field of medicine and education will serve to strengthen the tourist product and at the same time broaden the economic base. We are in the case of both sectors well positioned:

- that is – well positioned - in the region in relation to surrounding islands,
- that is - well positioned - within the Kingdom to leverage available know-how and expertise, and
- that is – well positioned - next to Saint Martin to pool resources to create scale for the provision of medical services.

Moreover identifying and investing in these sectors has the potential to move Sint Maarten into the emerging knowledge-based economy as a source to raising long-term living standards and economic growth. As a result they entail a raising of the bar in the creation of opportunities and fostering the export of services to the wider Caribbean region. That is to a region which share similar cultural features with Sint Maarten and which in past years have made significant economic strides as reflected in the per capita income.

5. Concluding remarks

Ladies and gentlemen,

In conclusion, inter Kingdom business relations take on various forms in various sectors between the countries of the Kingdom. It is my hope that this mission will contribute to the raising of the bar towards more

knowledge based business partnerships and investments. Investments that have the potential to underpin the long term solidity and viability of the countries of the Kingdom.

Referring to the beginning of my speech it is my hope that parties will make use of the fact that Interexpo Caribbean at age 18 now has the legal right to enter and promote the entering into partnership contracts. As such I hereby wish you fruitful proceedings during the coming days and I look forward to seeing the results of this 18th trade mission.

Thank you!